

What a Timely Visit Can Mean In the Military Contract Game

By David Johnston
New York Times Service

WASHINGTON — Thirteen months ago, Representative Roy P. Dyson of Maryland visited the military electronics plant of the Unisys Corp. in Great Neck, N.Y.

The visit, he said later, was typical of those that members of the House Armed Services Committee made to the plants and offices of military contractors.

Apparently it was typical in more ways than one.

The day before the visit, Mr. Dyson received \$15,000 in campaign contributions, \$1,000 each from 15 persons. Most of these people were associated with Unisys.

Mr. Dyson also received a legal \$2,000 honorarium from Unisys to make the trip, according to records of the Federal Election Commission and Congress.

No one has accused the Democratic congressman, who had previously introduced legislation beneficial to Unisys, of any of the illegal contributions or the honorarium.

But his dealings with Unisys illustrate the mutually useful ties that have become common between companies eager for congressional help in getting contracts with the Pentagon and legislators seeking campaign funds or military manufacturing jobs for their districts.

Federal investigators are looking into Mr. Dyson's affairs in connection with the broad investigation of weapons procurement practices at the Pentagon.

Search warrants have been served on several people who knew Mr. Dyson and who were involved in his trips to the Unisys plant.

A search warrant served on one Unisys employee, who was released last month by a federal court in New York, said investigators were seeking records related to "the conferral of benefits or things of value" on federal officials "known to have been involved in the authorization of defense contracts."

In an interview, Mr. Dyson said he had conducted himself in an ethical and lawful manner in his dealings with Unisys and other military contractors.

He added that although his name had been mentioned as someone under scrutiny, he was not a target of the investigation.

Mr. Dyson said Unisys and other contractors routinely sought to familiarize him with their products and sometimes invited him to inspect their facilities.

"That's not unusual," he said.



Representative Roy P. Dyson.

In 1987, Mr. Dyson also received honoraria from other military contractors, including Oshkosh Truck Corp. and Textron Inc.

Mr. Dyson's district spans counties on the eastern and western shores of the Chesapeake Bay. It includes the Aberdeen Proving Ground, a large army testing site, and the Patuxent River Naval Air Station, an air base and testing site.

Mr. Dyson, who serves on the Armed Services Committee, said that part of his job as a congressman was to seek military contracts for his district, which he said was dependent on the employment that Pentagon contracts provided to about 200 military firms operating there.

"Whatever happens to defense nationally really has a direct economic impact right in my hometown," he said.

Some of the contributors to Dyson's campaign on the eve of his first visit to the Unisys plant were retired employees of the Sperry Corp., which joined with Burroughs to form Unisys in 1986. Several other contributors were spouses of the former Sperry employees.

Two of the contributors had emerged as prominent figures in the Pentagon fraud and bribery investigation.

They are Charles F. Gardner, a former Unisys executive at the Great Neck plant, and William Galvin, a military consultant who was retained by Unisys.

In June, investigators seized records from both men.

Mr. Dyson said that at the time of the contributions he did not know Mr. Gardner or Mr. Galvin.

He said he did not know how the contributions had reached his campaign or whether they had been

transmitted to him in a block by anyone connected with the company.

Mr. Dyson flew from Washington to the Unisys plant accompanied by William W. Roberts and his wife.

Mr. Roberts, who has become a prominent figure in the investigation, worked for Sperry for more than 20 years. After his retirement four years ago, he worked as a consultant to Unisys and other military contractors.

He also helped found Armetec Inc., a small Florida military supplier that is under investigation. Unisys was Armetec's main source of business.

Mr. Roberts' activities included persuading members of Congress to support an upgrading for the Unisys MK-92 fire control radar system, although top navy officials regarded the system as unnecessary.

In 1985, Mr. Dyson introduced an amendment to the military authorization bill that included money for the purchase of the upgraded MK-92 system. In May, Unisys was awarded a contract for the system.

Another person who has interested the authorities was also on the trip, Richard Seelmeyer, the pilot of the plane.

Mr. Seelmeyer was a former aide to the late Representative Joseph P. Addabbo, Democrat of New York, who until his death in 1986 was chairman of the House Subcommittee on Military Appropriations. After Mr. Addabbo's death, Mr. Seelmeyer opened an air charter service.

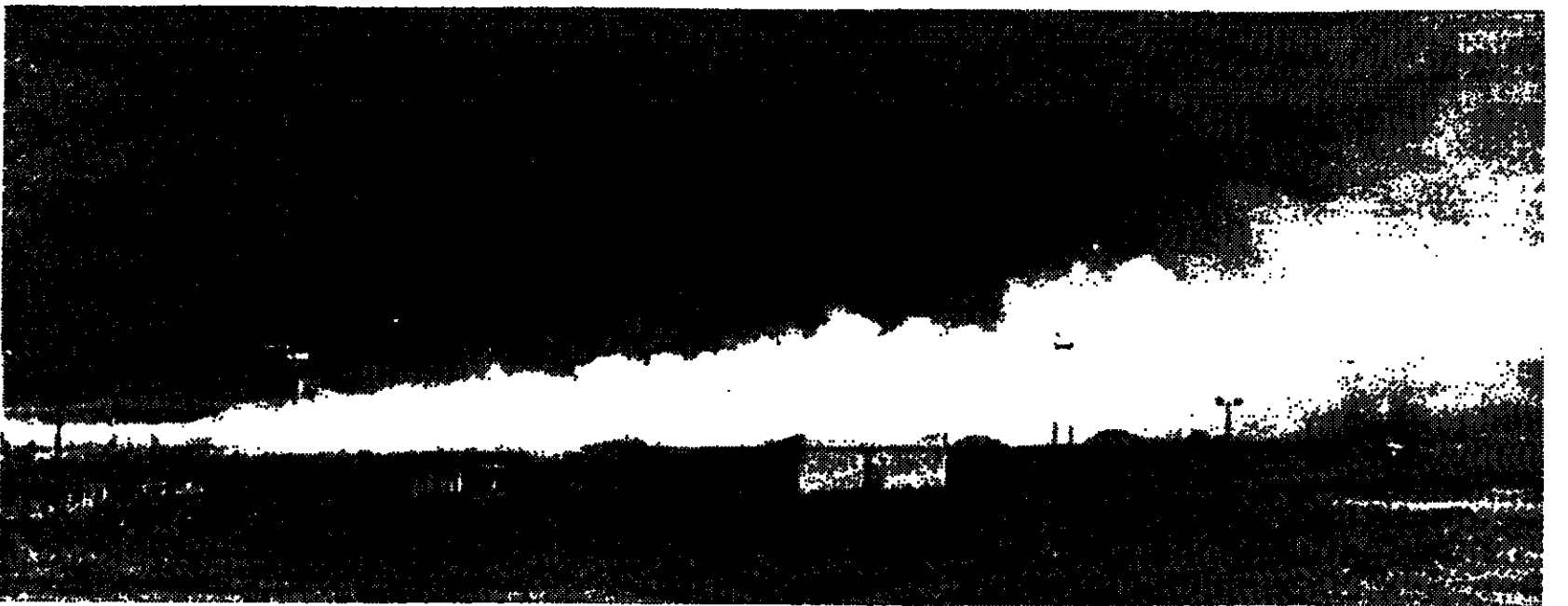
In June, Mr. Seelmeyer's home was searched by investigators. The Justice Department has declined to disclose the nature of evidence it was seeking.

On April 30, Mr. Dyson made a second trip to the Unisys plant in Great Neck, accompanied by his chief aide, Tom Pappas. The two attended a briefing and spent part of their time with Mr. Gardner.

By then Mr. Gardner had resigned from Unisys, but was working for the company as a consultant.

The trip ended tragically the next day, when Mr. Pappas jumped to his death from a window of a hotel in New York City.

Mr. Dyson said Mr. Pappas probably took his life not because of the procurement investigation but because of news accounts that he had mismanaged Mr. Dyson's congressional office.



The redesigned shuttle booster rocket spewed smoke across the Utah landscape as it was test fired for last time before the launching of Discovery.

Booster Test Seems to Lift Last Obstacle to Shuttle

By Warren E. Leary
New York Times Service

WASHINGTON — The test firing of a purposely flawed booster rocket appears to have been successful, removing a major obstacle to getting the space shuttle flying again, perhaps as early as next month, space agency officials said.

The fifth and final preflight test firing, on Thursday, of the redesigned solid-fuel booster rocket, riddled with 14 intentional flaws to challenge new safety features, appeared to go without incident at a Utah test facility of Morton Thiokol Inc., the builder of the rocket.

"Every indication is that the booster is sound and ready to go," Royce Mitchell, the solid-rocket project manager for Marshall Space Flight Center in Huntsville, Alabama, said after the test.

"It looks like absolutely a great test from top to bottom," Mr. Mitchell said.

The 126-foot-long (38.4-meter-long) rocket underwent a two-minute firing in a horizontal test rack at a site 25 miles (about 40 kilometers) west of Brigham City, Utah. The motor burned 1.1 million pounds (about 500,000 kilograms) of propellant, as it would for a similar period if a pair of the rockets were lifting a shuttle on an actual flight.

Officials of the National Aeronautics and Space Administration said they would consider the test a success if no hot gases escaped the joints connecting sections of the booster rocket, which is 12 feet in

diameter. Such a plume of superhot gas ignited an external fuel tank during the flight of the shuttle Challenger in January 1986 and has been cited as the cause of the explosion that killed all seven crew members.

Officials said cameras trained on the booster rocket in the areas of the defects showed no evidence of leaks, and initial readings from more than 400 instruments monitoring the tests indicated no unexpected breach of backup seals, which were directly challenged in the firing by the intentional breaching of first-line seals.

"I feel very comfortable that this rocket motor is the most reliable built by the industry," said David Ewing, Morton Thiokol's deputy director of program management.

"We're ready to go launch," added Alan McDonald, vice president for engineering at Morton Thiokol.

Space officials said the shuttle Discovery could be launched late next month or in early October, depending on the results of the rocket test and on repairs that are being made at the Kennedy Space Center on a tiny fuel leak in a steering engine on the shuttle.

"The end of September still may be within our sights," Mr. Mitchell said.

Final results of the \$20-million booster test should be available within two weeks after engineers disassemble the rocket case for detailed looks inside, a process set to begin Monday. The entire redesign

and testing program for the booster is expected to cost \$470 million, Mr. Mitchell said.

There have been many changes with several focusing on the joints linking the cylindrical segments of the solid-fuel rocket. It was one of these joints that failed on Challenger when an O ring seal burned through and allowed hot gas to escape.

The changes included adding a third rubberized O ring to the original two, improving insulation to prevent burning gases from reaching the O ring seals and adding a

metal clamping feature to lock the joints together. The latest flaw test introduced defects more severe than those in previous tests. In two of three joints, separations were introduced into bonded adhesive insulation, channels were cut through insulating putty, parts of interior O rings were whittled down and various holes and abrasions were introduced to allow burning gases to reach parts they normally would not.

Engineers said they would not be upset if hot gases got around some safety features but were stopped by

others. "We're looking for a fail-safe joint," Mr. Mitchell said.

The last full-scale test of the redesigned joints is scheduled for December, after the expected flight of Discovery. This one is intended to see how the booster performs when the fuel is cooled to 40 degrees Fahrenheit (4.4 centigrade), much colder than it would be in an actual flight.

U.S. Hospital Ends Plan On Organ Transplants

Los Angeles Times Service

LOMA LINDA, California — Conceding that their plans to harvest organs from brain-defective babies had "failed miserably" and that the ethical qualms of critics had often proved true, officials at Loma Linda University Medical Center have suspended the program to use anencephalic infants as organ donors.

The decision, reached late in July but not publicized at the time, came after 13 failed attempts at organ harvesting from the babies. Leading bioethicists said a broad national consensus would be required before other medical centers start similar experiments.

Caring for the severely deformed infants has been "incredibly difficult" for intensive-care unit nurses, as well as some physicians, according to Dr. Joyce L. Peabody, the Loma Linda neonatologist in charge of the program. Only one-third to one-half of the nurses volunteered to care for the babies.

Anencephalics are born without parts of the brain and skull. They usually either die at birth or within several days. Loma Linda physicians had hoped that the babies could be declared brain dead while their heart, liver and other organs remained undamaged and suitable for transplantation.

Some ethicists and physicians have contended that placing anencephalic newborns on life-support systems crosses into uncharted territory by prolonging life not for the benefit of the patient, but rather for the sole purpose of harvesting organs.

At a bioethics seminar in Oakland, California, last week, Dr. Peabody said she had "spent many an hour with friends in the moun-

tains discussing that, and we have not come to a clear understanding of it."

A spokeswoman for Loma Linda, Anita Rockwell, said that the medical center would honor commitments to try organ harvesting in two as-yet-unborn anencephalic infants, but that there were no plans to enroll other babies. The program's long-term future is in limbo, pending the completion of a report that Dr. Peabody is preparing for medical-center officials.

Contras Without a Cause Offer U.S. Tough Choice

By Julia Preston
Washington Post Service

TEGUCIGALPA, Honduras — The 11,000 restless Nicaraguan rebels now crowded into Honduran border base camps are pressuring Washington with a stark choice: Resume funding their war against the Sandinista government or devise a policy to disarm and resettle them outside Nicaragua.

A negotiated return by the rebels, known as contras, to Nicaragua appears to be out of the question for the time being, and the only other possibility is to allow a humiliating and chaotic collapse in Honduras of the contras as a fighting force.

The contras' top military commander, Enrique Bermudez, also one of their political directors, argues that his forces' strategic position is too weak for them to bargain effectively. Almost six months after the last deliveries of U.S. military aid, fewer than a third of his fighters still have enough ammunition to stay inside Nicaragua.

Mr. Bermudez has rejected any new peace parley under current conditions as "doomed to failure," a talk broadly shared by his highest field commanders. The talks broke down June 9 after 11 weeks.

"There appears to be no aid package the U.S. Congress could approve that both warring sides would accept as a help

toward reviving the talks. Mr. Bermudez has said that the contras will return to the table only if they get more U.S. military support.

The Nicaraguan president, Daniel Ortega Saavedra, meanwhile, warned earlier this month that if the contras got more military aid it would kill the peace process, as far as the Sandinistas were concerned.

None of the major actors in the Nicaraguan war expects

deez moved earlier this summer to disarm some of the young fighters who sit day after day in their hot plastic tents with nothing to do. Mr. Bermudez's decision came after several of his field commanders led an unsuccessful rebellion against him in April, and after one contra fighter in a fit of temper killed a woman near the camps.

Mr. Bermudez turned the weapons in to the Honduran military, the sources said, but since then his efforts to recover the equipment had been rebuffed by Honduran officers.

The Honduran military is "extremely worried about weapons leaking into Honduran society," a diplomat said. "They want them under secure lock and key."

Honduras now requires contra fighters to have Honduran visas to travel outside the border camps. And it continues to press the United States for a written commitment to care for or evacuate the contras if the military aid cut-off proves to be permanent.

But U.S. officials in Honduras limit themselves to vague assurances that Washington will be responsible for the consequences of its policies.

On the whole, the contra force is holding together for now. But dozens of older fighters, some of them veterans of six or seven years of grueling clandestine warfare, have slipped away from the camps to civilian life, contra commanders said.

Washington to produce a clearly defined policy until after the November elections. But diplomats and contra leaders in Honduras said the package of \$27 million in nonlethal aid that the Senate approved last week would leave contra fighters in an unstable limbo.

"It's a nice bill for Washington," said a spokesman for the contras, Bosco Matamoros, "but it doesn't match the reality on the ground. It doesn't finish us off; it just leaves us half dead."

Contra commanders, who still consider themselves at war, chafe at the lack of military aid. Used to the tension of clandestine war, they train every day but mostly they sit idle in the heat and rain.

According to contra and diplomatic sources, Mr. Bermu-

NEWS ANALYSIS

After 10 Years, Peru Rebel Expounds

By Michael L. Smith
Washington Post Service

LIMA — Abimael Guzman, the shadowy leader of Peru's Shining Path guerrillas, has broken a public silence of almost 10 years to deliver a detailed vision of revolutionary change for his country.

In a lengthy interview published by a Lima newspaper, he discussed his group's violent ideology and predicted that Peru was headed for wholesale conflict marked by armed uprisings by workers and the dispossessed.

The interview appeared to dampen prolonged speculation that Mr. Guzman, 53, was smuggling out of the country for safekeeping or was dead. He is known to suffer from a blood disorder that requires regular medical treatment.

His last known appearance was in January 1979, when he was briefly detained by the police.

The 41-page interview appeared on July 26 in El Diario, a Lima tabloid that over the last two years has regularly reported on Shining Path.

Some critics doubted that reporters had actually interviewed Mr. Guzman in person. They noted that no photographs had been offered. But text analysts have accepted the text as an authentic expression of Mr. Guzman's thinking.

Better known to his followers as Chairman Gonzalo, Mr. Guzman sounded optimistic about the prospects of a collapse of resistance to his guerrilla forces.

"The crisis conditions into which the outmoded system of Peruvian society has entered indicate that these decisive years will accelerate conditions and develop the revolutionary situation powerfully," he was quoted as saying.

Mr. Guzman, who once taught philosophy at the National University of Huamanga in Ayacucho, seemed to be moving up his own

timetable for revolution, since he refrained from referring to long periods of a "prolonged people's war." He was quoted as having said that the party must prepare now for the final assault.

"Our process of the people's war has led us toward the apex," he said. "Consequently, we have to prepare for insurrection, which will be the taking of the cities."

In anticipation of this stage of warfare, Mr. Guzman leveled criticism against shortcomings in his own organization, saying it had not made enough inroads in urban centers.

"The majority of our militancy is peasantry," he said, "and a limitation that we have is the insufficient number of workers."

Reasserting an apocalyptic prophecy of Shining Path's taking power some day, Mr. Guzman tried to reassure Peruvians that a future guerrilla government would respect both religious freedom and the rights of small property holders.

One question raised by the inter-

view is how Mr. Guzman expects to sustain his revolution without international allies. He scathingly accused Communist leaders from Fidel Castro to Deng Xiaoping of yielding to the corrosive effects of revisionism.

Mr. Guzman said ideological purity was necessary to maintain the Peruvian party's independence and self-reliance.

Veteran watchers of Shining Path's evolution noted Mr. Guzman's silence on one particular subject. In early June, the Peruvian police captured the guerrilla group's top military commander, Osman Morote, in a combination of intelligence work, good fortune and a glaring "act of guerrilla security measures."

Mr. Morote, long Mr. Guzman's closest collaborator, was arrested with four others and more than 40 notebooks detailing the group's organization and internal debates.

"Guzman had to make a public appearance to shore up morale and reassure cadres and followers that

someone was in command of the apparatus," said Federico Velarde, a political analyst.

Although Mr. Guzman may indeed have broken his silence because of Mr. Morote's capture, the interview was also a natural step for the guerrilla leader, given the higher public profile his movement has taken for the last year.

Previously, Shining Path looked down on political activities that were not directly linked to armed struggle.

Shining Path formally calls itself the Communist Party of Peru, although it disclaims any international Communist affiliation.

Its members are now battling both the ruling American Popular Revolutionary Alliance and the socialist United Left coalition in unions, university student bodies, and shantytown organizations.

In April, Shining Path joined a coalition of radical students that won student elections at San Marcos University, the oldest and largest in the country.

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INTERNATIONAL Herald Tribune

Bush and the Gender Gap

At times this week, it has appeared that every third person at the Republican convention in New Orleans is named Bush. Here is a daughter-in-law named Columba who was born in Mexico. There is a daughter nicknamed Doro who just turned 29. One son after another speaks out, at the microphone of one state delegation or another, on behalf of "the finest father in America." Where have they come from all of a sudden?

Texas: Mr. Reagan's "judicious use of personal revelation accounts, in part, I suspect, for the fact that even his opponents profess to like him as a person... Television speaks not to crowds but to individuals; accordingly, it is suited to self-disclosure." Mr. Bush now professes repeated and engaging self-disclosure, yet other likely sources of the gender gap remain. One concern is special concern to women, notably reproductive rights. Another is about economic issues of general concern, to which women respond more intensely than men.

Safety at Savannah River

For a few seconds last week, one of the U.S. government's nuclear reactors ran out of control. Instead of shutting it down immediately, its crew, in violation of safety rules, compounded the danger by continuing to run it. Fortunately, the episode ended without further malfunction. But it gives new force to all the old questions about safety standards in the government's nuclear operations.

pressing for safety improvements that the department rejected because of budget constraints. The study described the department's safety oversight as "ingrown and largely outside the scrutiny of the public." To correct that, the study recommended a committee of outsiders, working largely in public. Senator John Glenn (Ohio) had introduced legislation earlier that came to the same point. With messiness rising, Congress wrote the Glenn provision into this year's defense authorization bill. But since President Reagan has vetoed the bill for unrelated reasons, progress toward tighter safety rules is at least temporarily blocked.

PLO: A Choice, a Chance

Can the Palestine Liberation Organization step into the breach opened by King Hussein's official detachment from the West Bank and transform itself into an acceptable negotiating partner with Israel? Yes, if it renounces terrorism and explicitly recognizes Israel's right to exist. No, if it offers less. And no, as far as some Israeli leaders are concerned, if it pushes too far and declares itself to be a provisional government. According to reports, the PLO finally seems to be wrestling with these choices.

accept Israel and its need for secure borders as affirmed in UN resolutions. Publicly, he and other PLO leaders say otherwise. Palestinians who dissent put their lives at risk. In June, Mr. Arafat's close adviser, Bassem Abu Sharif, circulated a document that seemed to break this barrier of equivocation. Said to be an official document, it renounced terrorism, recognized Israel and called for a Palestinian state living in peace with the Jewish state. But leading PLO officials quickly disowned the document. So back to square one — to the relief of those Israelis who oppose any concessions to Palestinians.

Other Comment

Moscow's Brezhnev Dilemma

Although the Kremlin has not renounced the Brezhnev Doctrine, the principle that it has the duty to defend socialism in Eastern Europe, it has, de facto, broadened the definition of what can be tolerated. However, should the peoples of Eastern Europe one day take literally all the talk in Moscow about reform and democratization, then Brezhnev's successors will have to take a firm stand and decide whether to allow heresy and possible apostasy, or to intervene.

MANILA — Few modern leaders have come to office with better press relations than Corason Aquino. Her ascent to power in 1986 was a triumph over the incumbent, Ferdinand Marcos, in search of a heroine. Ferdinand Marcos was everything bad; Cory Aquino was everything good. Unfortunately, everyone did not live happily ever after. The cold realities of managing a chaotic, desperately poor nation have taken their toll on Mrs. Aquino. She no longer holds press conferences and rarely grants interviews. Her press secretary, a former journalist, berates reporters for allegedly unsympathetic coverage.

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OPINION

Prague's Invasion, 20 Years Ago, Is Haunting Gorbachev

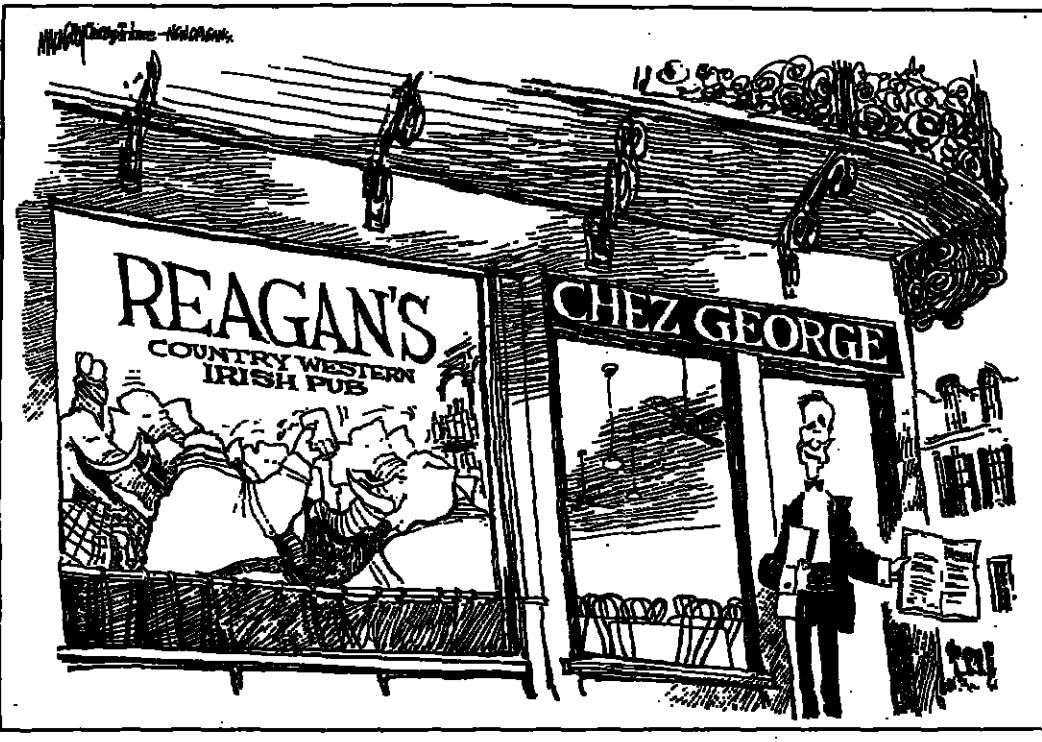
By Alexander MacLeod

LONDON — The night Soviet tanks rumbled into Czechoslovakia 20 years ago is widely thought of, in the West, as marking the birth of the Brezhnev Doctrine: the rationalizing of military intervention in the affairs of "fraternal" Communist states. But in Eastern Europe, there are quite different perspectives on that exercise in naked force which cut short the Prague Spring. For the present Soviet leader, Mikhail Gorbachev, these perspectives are a major problem as he tries to shepherd Moscow's allies down the road to glasnost.

of the socialist countries and the communist parties have and must have freedom... However, any decision of theirs must damage neither socialism in their own country nor the fundamental interests of other socialist countries nor the worldwide workers' movement... Every communist party is responsible not only to its own people but also to all socialist countries and to the entire communist movement... This labored message was intended not as a warning to East European governments that might have been tempted to emulate the Czechoslovak reformers but as a renaissance to the West that Brezhnev was not in an aggressive mood. He had merely been dealing with a "family matter." In reality, the Kremlin's most important message already had been delivered: to Mr. Dubcek and his companions, behind closed Kremlin doors, a few days after the invasion.

ing from the ideological fold but for threatening to erode Moscow's imperial frontier. Thus, while the West was reacting angrily to the invasion and expressing alarm about an unwelcome new departure in Soviet foreign policy, word of Brezhnev's explanation was spreading through the Soviet empire. Ever since, following the Brezhnev lead, leaders of the Communist bloc have been inclined to pursue policies based not on ideology but on coldly calculated self-interest. As he struggles to push the frontiers of reform into Eastern Europe, Mr. Gorbachev is handicapped by the lesson Brezhnev imparted two decades ago to leaders of the Soviet bloc who are, in the main, still in power today, and still deriving inspiration from Brezhnev's formulation.

seriously to what — to them — just another Communist power-player is telling them. Moreover, the savage termination of the Prague Spring tells East Europe's leaders something about the high risks Mr. Gorbachev is running and about the dangers of their marching too enthusiastically to his tune. If Mr. Dubcek was the victim of Soviet imperialism, could not today's apostasy of reform himself be given the same treatment of conservatives — such as his No. 2, Yegor Ligachev — who plainly do not believe the current Kremlin dogma? Why be too keen to follow Mr. Gorbachev's example: he could go the way of Mr. Dubcek. So in the capitals of Eastern Europe this weekend the Soviet invasion of Czechoslovakia will be remembered not as the birth of the Brezhnev Doctrine, as we in the West recall, but as the time when the Kremlin's claim to be the guardian of Marxism-Leninism was finally exposed, by no less than the leader of the Soviet Union, as a fraud and a sham. What mattered, he told them, was self-interest and the exercise of power and guile. The real Brezhnev Doctrine, as Mikhail Gorbachev has begun to learn only too well, is that cynicism is czar.



Bush's Message: Just Trust Me, Folks

By A.M. Rosenthal

NEW ORLEANS — Two strange things have taken place at the Republican convention, and they may tell us more than we care to know about American politics — and about ourselves, too. First, George Bush informed the American people that if he is elected president, he will discontinue his next presidential campaign. The reason was not only party loyalty. Fear was involved too — fear that any public questioning of Mr. Bush's order would lead to political punishment or ostracism later. Presidential candidates and their staffs have long memories. Of course, presidential candidates traditionally have the privilege of picking their partners, although nowhere is it ordained. And the Democratic flock grazed peacefully in Atlanta after Michael Dukakis selected a vice-presidential nominee at odds with some of their platform positions and for whom they had not conceived of voting. But at least they all knew the name of Senator Lloyd Bentsen and a few actually had laid eyes on the man.

attitude that enabled Robert Dole to pull a war-racked body together and surmount the pain he must live with. We do not know whether he has Jack Kemp's adventuresome mind or the wit and sophistication of Alan Simpson or the even-tempered tranquility of Howard Baker. But Mr. Quayle has an attraction for George Bush that seems stronger than matters of character and experience. Mr. Bush thought Mr. Quayle would not present any of the problems that the others would bring because of the very fact that they were experienced, accomplished and known to the public, not blank tablets on which to write. Obviously Mr. Bush picked the young senator from Indiana because he thinks he will never be a pesky competitor, but will help Mr. Bush with the young. Of course, it could work the other way around. Young people might be annoyed by the condescending thought that they will vote for a candidate's birth certificate. Well, maybe by the time election day comes around vice presidents won't seem important and we will vote just on whether we think Mr. Bush or Mr. Dukakis can do the most for us or the least to us. But, meantime, we can give ourselves the dignity of being indignant. Maybe the qualms about Mr. Quayle and his first callow, stumbling appearances in New Orleans will teach presidential candidates something: that they should do a better job of explaining their own motivations for choosing a partner. And, perhaps one day, convention delegates will do more than graze on the meadow. The New York Times.

... And Aquino's: Don't Trust the Press

By A. Lin Neumann

MANILA — Few modern leaders have come to office with better press relations than Corason Aquino. Her ascent to power in 1986 was a triumph over the incumbent, Ferdinand Marcos, in search of a heroine. Ferdinand Marcos was everything bad; Cory Aquino was everything good. Unfortunately, everyone did not live happily ever after. The cold realities of managing a chaotic, desperately poor nation have taken their toll on Mrs. Aquino. She no longer holds press conferences and rarely grants interviews. Her press secretary, a former journalist, berates reporters for allegedly unsympathetic coverage. Last Saturday, her vice president, Salvador Laurel, a nearly discredited politician, formally broke with her coalition after months of calling on Mrs. Aquino to resign and fuming over what he said was rampant corruption and the government's poor response to the Communist insurgency. Mrs. Aquino's response was to call a last minute press conference at which she refused to answer questions, and instead announced an insignificant oil-price decrease. She did not answer Mr. Laurel's charges nor with him good tidings, instead she said she had always been willing to call on his support in times of crisis but that he would never help her. The entire affair degenerated into a political spat. This bunker mentality is taking its toll. Reporters covering Mrs. Aquino's rise were perhaps too friendly with her young government's handling of reporters that the years of corruption and brutality could be washed away over night. When that did not happen, when they began questioning Mrs. Aquino's apparent indecisiveness,

when reports of human rights abuses went into the papers, the presidential palace chose to blame the messenger. Reflecting her dislike of hard questions and, many officials say, the advice of Prime Minister Lee Kuan Yew of Singapore, access was shut down. But the Philippines is now an open democracy, and Mrs. Aquino is only hurting herself and her government by refusing to defend her policies and programs. We now know very little about her administration. Reporters are given little time with reliable government officials able to articulate policy options and explain directions. For a nation dependent on domestic consensus and eager for foreign aid and favorable loan terms, the policy of isolation is backfiring. Several weeks ago, for example, the military released a spurious report that foreign correspondents were funding and training Communist guerrillas. The palace remained silent: the foreign press association could not even raise Mrs. Aquino's press secretary on the telephone. Several weeks ago, for example, the military released a spurious report that foreign correspondents were funding and training Communist guerrillas. The palace remained silent: the foreign press association could not even raise Mrs. Aquino's press secretary on the telephone. Several weeks ago, for example, the military released a spurious report that foreign correspondents were funding and training Communist guerrillas. The palace remained silent: the foreign press association could not even raise Mrs. Aquino's press secretary on the telephone.

nation. This also backfired. Chino Roces, the 75-year-old dean of Manila newspaper publishers, the man who led the petition drive in 1985 that was instrumental in persuading Mrs. Aquino to challenge Mr. Marcos, was invited the next day to the palace to receive a Legion of Honor award. In his remarks, Mr. Roces assailed continuing corruption in government and stumped the president when he said: "A new moral order is best appreciated in terms of our response to graft and corruption in public service. We cannot afford a government of thieves unless we can tolerate a nation of highwaymen." No one, least of all Mr. Roces, is calling Mrs. Aquino a crook. Far from it. But even some of her strongest supporters now feel that she may not know what is going on. When she took office, Mrs. Aquino said her government would be "transparent," and after the secrecy and deviousness of the Marcos years, Filipinos believed her. But now, the government is looking increasingly opaque. Mrs. Aquino can still resurrect that era of good feeling: there is a reservoir of sympathy among most reporters covering the Philippines. By becoming more accessible and communicative, she could set a tone that would pass down into cabinet departments and the military. Whether she likes it or not, the press is the best avenue for Filipinos, and others, to see and judge the ability to govern of a crucial historical figure. The writer is the Manila correspondent for the San Francisco Examiner. He contributed this column to the International Herald Tribune.

U.S., for Better or Worse, Is Still the Key in Angola

By Jonathan Power

LONDON — The United States, thirteen years on, seems to be at last giving up its goal of toppling the government of Angola. It is this move, implied but not yet formally stated, which has provided the key with which to start unlocking the door to negotiations over the future of Angola and its neighbor, the South African-occupied territory of South-West Africa, or Namibia. Next week the United States, Cuba, Angola and South Africa will sit down for another round of talks. Yet without further major changes in the U.S. position, these talks are probably doomed to failure. Washington has made too many mistakes for too long. The first, and most important, was in 1975. Portugal had decided the year before to wash its hands of its colonial charges and agreed to negotiate the handover of Angola to the three rival independence movements: the Popular Movement for the Liberation of Angola, or MPLA, which is now the government; the National Front for the Liberation of Angola, or FNLA, which is now defunct; and Jonas Savimbi's National Union for the Total Independence of Angola, or UNITA, which today is funded and armed by South Africa and the United States. To general surprise, the three groups agreed on a form of power sharing, to be followed by elections. But the Ford administration decided to secretly work to undermine the settlement. But in January 1975, only days after the agreement with Portugal was signed establishing a transitional government, the CIA sent \$300,000 in cash to its long time client, the FNLA, which used the money to launch an all-out attack on the MPLA. The U.S. secretary of state, Henry Kissinger, fearing the MPLA's ideological bias toward Moscow and Havana, had talked President Gerald Ford into the clandestine venture. The CIA payment, made without the knowledge of the U.S. Congress or public, was soon known to the Soviet Union. It quickly resumed large scale arms shipments to the MPLA and, in March, the Cubans sent in 230 advisors. The United States responded by sending in much larger amounts of covert support — \$28 million in all — to both FNLA and UNITA this time, together with CIA operatives. Then the South Africans, thinking they had Washington firmly on their side, crossed into Angola on Aug. 9. The MPLA, under siege, called in the Cubans and their first load of troops arrived in September. In October, the South Africans launched an all-out drive on the capital, Luanda. It was then that the large-scale Cuban airlift began, and with the Cubans behind it the MPLA managed to turn the campaign back in its favor. Mr. Ford said Cuba had committed a "flagrant act of aggression." Congress did not see it so simply and Senator Dick Clark of Iowa rammed through an amendment outlawing any more clandestine aid to UNITA and FNLA, a law that stayed the American hand until President Ronald Reagan managed to win its repeal in 1985. President Jimmy Carter's approach was to concentrate U.S. assistance on Namibia, the country between Angola and South Africa that Pretoria rules illegally. Mr. Carter believed that if South Africa could be persuaded to give independence to Namibia it not only would end Pretoria's lengthy oc-

cupation, it would make it more difficult for the South Africans to intervene in Angola. And that would make the Cuban presence less necessary and a peace settlement more likely to be reached. The Reagan administration did not see it that way. It picked up where the Ford administration had left off. From then until very recently, the South Africans were encouraged to re-link Namibia's future with that of Angola. A new South African demand, but U.S. initiated, was thrown on the negotiating table: no Namibian independence until the Cubans leave Angola. For eight years Washington has again given military support to UNITA. Havana and Pretoria have celebrated their involvement to the point where there are now more than 57,000 Cuban troops in Angola, compared with about 30,000 eight years ago. And in the last year direct fighting between the Cubans and the South Africans has become a regular occurrence. All that Mr. Reagan's old policy has produced is more war. Slowly during 1988, as confronted with evidence of a failing strategy, U.S. policy has undergone a discernible change. While military aid is still being funneled to UNITA, the United States has increasingly distanced itself from South Africa and its effort to overthrow the Angolan government. By resisting the temptation to

All that the old policy has produced is more war; only mediation has a hope of success. take a public stand against the rapid buildup of Cuban troops the last six months, it has delivered an implied rebuke to South Africa. It was this that brought Pretoria back to the negotiating table three months ago. So, another round of talks is to be held next week. But without even further changes in the U.S. posture, the South Africans are unlikely to be forthcoming to the point where a settlement is truly conceivable. They are still linking their withdrawal from South-West Africa to a fast Cuban withdrawal from Angola. And they have entered other reservations about the type of elections they'd agree to in South-West Africa, and about the impartiality of the United Nations, which is supposed to supervise the elections. But this is just more of delaying tactics, which the United States must now attempt to end. It must cut off its support for UNITA. It must tell South Africa that Namibian independence should not be linked to the Cuban presence in another country. It should put its weight behind the passage of the tough sanctions bill now being debated in Congress, making it clear it will seek its repeal if there is a settlement in South-West Africa. Finally, it should work separately on the problem of the political rivalry inside Angola, mediating rather than taking sides. At this point, rather than partisaniship in Angola, civil war is the way to get rid of Cuba's troops. They are Jimmy Carter's tactic, and it almost worked. It can work if the United States can be dogged, principled and non-interventionist, all in a breath. International Herald Tribune. All Rights Reserved.

100, 75 AND 50 YEARS AGO

- 1888: Cholera Discovery PARIS — The Academy of Science was packed in every corner by all the scientific nobilities in Paris yesterday [August 19], when Mr. Pasteur rose to read his promised communication on the reported discovery of a preventive of cholera. The illustrious savant seemed fatigued and he read the paper which he carried in a low and often hardly audible voice. The discovery proves to be a faithful and direct deduction from Dr. Pasteur's system which has given such striking results in the treatment of cholera and in the prevention of rabies.
- 1913: A Political Dream NEW YORK — Senator Benjamin R. Tilman, of South Carolina, attacked women's suffrage in a speech in the U.S. Senate yesterday [August 19], and declared that the movement is afflicted with the growing divorce evil. "It is a beautiful dream," he said; "that female suffrage will purify poli-
- tics, but the vital thing to consider is the effect of the suffrage on the women themselves. We had better endure the evils of political corruption than have politics degrade our women. I believe that woman's goodness and usefulness vary inversely as the extent of her participation in politics. I believe she will improve politics, but ultimately politics will destroy her as we know and love her."
- 1938: Jerusalem Clash JERUSALEM — Three British soldiers, two members of the Royal Air Force and five Arab terrorists were killed near Acre last night [August 18] in the largest military operation since the outbreak of violence began. Backed by six airplanes, troops of the Manchester and Essex Regiments went into action against a band of well-armed Arabs who were strongly entrenched. The fierce fighting followed the Arab terrorists' firing on the soldiers as they were returning from a punitive expedition in Shaab

ARTS / LEISURE

Tasting Burgundy With a Specialist

By Frank J. Prial
New York Times Service
BEAUNE, France—Like most Paris restaurant owners, Jean-Claude Vrinat closes down his place, Taillevent, for a month-long vacation in August. Unlike most Paris restaurant owners, Vrinat heads not for the Côte d'Azur or Los Angeles or the Alps, but the vineyards.

usually thought of as a poor cousin of the noble chardonnay, the grape of all the best white Burgundies.
His version of this simple wine was a revelation. With rich fruit and a sharp acid bite, it resembled, more than anything else, a fine Chablis. Gilles-Jayer's hierarchy of red wines began with village wines from the Hautes Côtes de Beaune and the Hautes Côtes de Nuits, up through Côte de Nuits and Nuits-Saint-Georges to Echezeaux, one of the greatest of all the red Burgundies. His 1986 and 1987 Echezeaux were truly great wines that may well outlast Bordeaux of similar quality.

Bargains at an Old-Fashioned Sale

International Herald Tribune
LONDON—A highly entertaining game with just the right touch of culture can be played in Europe's most international capital.
This is buying art at auction as one used to a couple of decades ago. There was little talk of investment then. Catalogues were slim, entries terse, illustrations few. If competition was intense, prices

Souren Melikian
shot up, and if not you got what you wanted way below the estimate. The game is still played that way at Christie's South Kensington, at 85 Old Brompton Road. Even a beginner becomes instantly aware that he is walking in to a straightforward, no-nonsense selling place. The furniture is the kind one sees in middle-class British homes, from those of well-to-do families to those that have been better days. The paintings and drawings are unpretentious and include charming watercolors.

example of Napoleon III rococo in the neo-Louis XV manner. At £225 (about \$380), the well-chiseled pieces, attractive with their foliage and scroll patterns, cost the buyer half the amount it would take to get them at the Paris flea market. The Russian chess set, which was given no period but must date from the opening years of the century, got two private bidders pitched against each other and ended up at £2,200, multiplying its high estimate nearly sevenfold. The lacquered box, which carried no estimate—a way of saying that Christie's expects an item to sell for less than £100—left almost everyone cold. It cost its buyer £16.50. None of these lots would ever appear at Christie's King Street—nor Sotheby's—where no lot estimated to be worth less than £350 to £400 would normally be considered.



Tray, c. 1600, signed Wu Mei.

ing mariners in a nondescript style. It could be called realistic if it were not for the imaginary garb and gestulating postures. Christie's, which had given no estimate, must be grateful to the auctioneer for getting £242 out of it.
The greatest extravaganzas took place in the afternoon when the furniture came up. A dwarf chest of standard Chippendale type described as "Paris, 18th century," which is not very complimentary, soared to £1,540, almost twice the high estimate. A walnut tallboy elegantly constructed, but also "parts 18th century," and requiring some restoration, fetched £5,280, probably a lot more than the amount it would sell for at Christie's King Street. This is not uncommon at Christie's South Kensington, where upper-middle-class ladies like to spend the afternoon in search of a "bargain" and a "coup".

quer" is a selection from an unusual museum, the BASF Lacquer Museum in Cologne. It started out in the 1930s as a sample collection formed by a German company producing lacquer to illustrate lacquer techniques throughout the ages. In the past two decades it has been substantially expanded after the original company was merged with BASF in 1969. Under the curatorship of Edith Strasser, the emphasis has been on art as much as on technique.

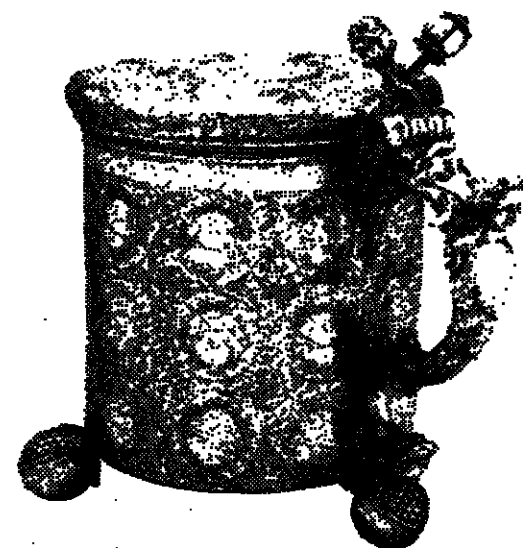
Displayed in a single room at the back of Christie's, the exhibition is enchanting. Although the collection was formed on a limited budget, it has a few gems. For sheer rarity, a Chinese cylindrical box with red motifs on black ground of the 4th or 5th century B.C. is one of the few pieces of this kind to be seen in Western collections. Some wonderful pieces from the later periods still raise questions as to their provenance. The beautiful lobed tray with mother of pearl peony blossoms signed by Mu Wei in the

early 1600s is called Korean in the catalogue but expert opinion at Christie's appears to favor China. Some small pieces such as the admirable 15th-century box from Japan with a top carved as an open peony should not be missed.
European rarities can be seen, too. Coleridge, despite 30 years of exposure to English decorative art of the 18th and early 19th century, in which he is one of the recognized authorities—his pioneering book on Chippendale was a landmark in the field—says he has never seen anything like the George III painted-iron tea set. The exhibition, which closes Aug. 26, will reopen on Sept. 14 in the BASF in the Dutch city of Thiel, in Gelderland, where it is being held in collaboration with the Streeck Museum. This will be the first time that an art exhibition initiated by an auction house—with no commercial strings attached—is co-sponsored, unchanged, by a museum. Coleridge is playing a very neat game indeed.

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A Baltic parcel-gilt tankard, Michael Krezner, Riga, c. 1670, 3539 gr., 27.3 cm. high. Sold for SF90,000.

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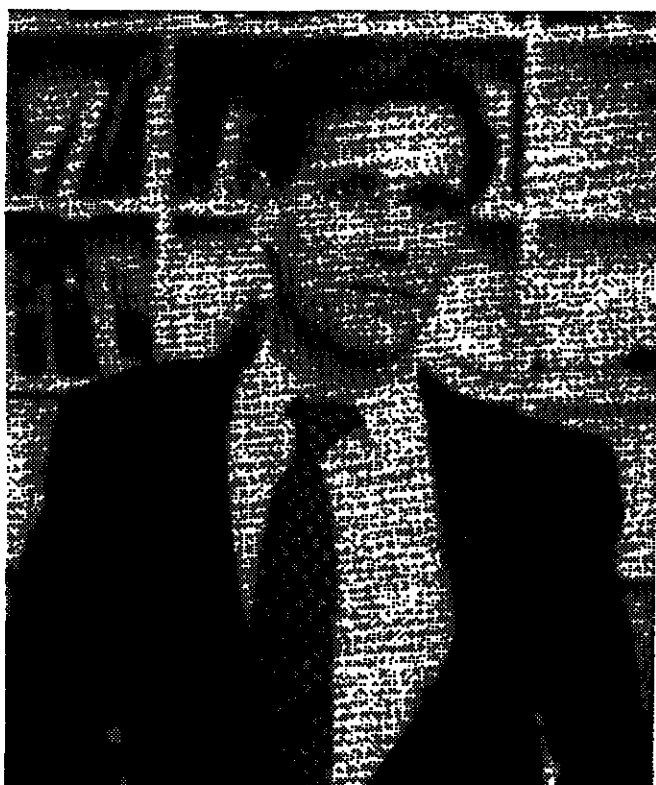
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Dual-Faith Children Search for a Center

By Ari L. Goldman
New York Times Service

MICHAEL Lerner's father was Jewish and his mother was Episcopalian. In the home of his youth, both faiths were practiced at various times, he says, and there was little conflict over religion.
As an adult, though, he found the two faiths at odds. Rather than embrace either, he turned to the spiritual tradition of yoga, studying with the Hindu teacher Swami Sat-chidananda.



Michael Lerner, son of a Jew and an Episcopalian, turned to yoga.

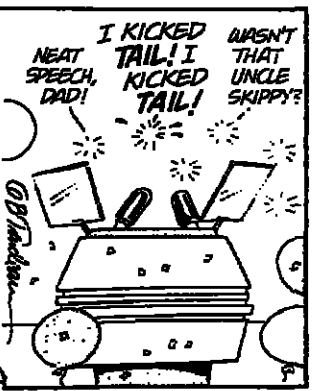
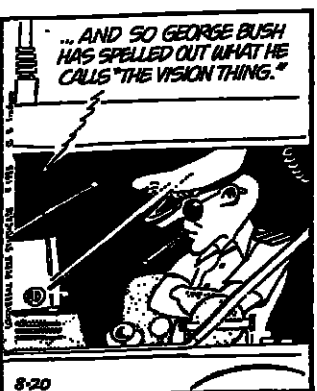
"The struggle for me was that if I pursued my spiritual life as a Christian, I would be unfaithful to my Jewish background, and if I pursued my spiritual life as a Jew, I would be unfaithful to my Christian background," said Lerner, a health researcher who lives in Bolinas, California.
Every morning Lerner meditates before an altar with likenesses of the Buddha and of Jesus as well as a Star of David. He lights a candle to symbolize "the light of truth in all spiritual traditions."
There are about 375,000 Jewish-Christian couples in the United States, more than half of whom married in the last 20 years. And the numbers are growing: In 1950, 6 percent of Jews who married chose Christian spouses; today, 40 percent do. Children of those marriages number at least 750,000.

Dukakis, 30, from her first marriage, to a Jewish businessman.
Egon Mayer, a professor at Brooklyn College who has studied the issue for the American Jewish Committee, said the Dukakis were fairly typical of American interfaith couples. "Like two-thirds of the couples, they did not convert to each other's religion and did not impose any religion on their children," he said.
Nearly half of the dozen adult children of Jewish-Christian marriages interviewed for this article refused to allow the use of their names. "This is an intensely personal subject," one of them said.
Among the children of the intermarried, many profess no faith; some are Jewish, others are Christian and still others live in a world that straddles both religions. Some, like Lerner, have found new forms of religious expression.
Lerner, 44, the son of the journalist Max Lerner, is president of Commonwealth, an environmental health center, and recipient of a MacArthur Fellowship.
Yoga of the type Lerner practices is a spiritual discipline used in Hinduism to achieve liberation of the self and union with "the universal soul."

"I have the best of both worlds," said Davis Guggenheim, 24, who works for a Hollywood film production company. "I can go to a coming-out party at the Mayflower Hotel in Washington and hold my own in Cantor's Deli on Fairfax Avenue in L.A."
Among recent publications on the subject are "Mixed Blessings" by Paul Cowan, with Rachel Cowan (Doubleday, 1987), Lee F. Gruzen's "Raising Your Jewish-Christian Child" (Weber-Dodd, Mead, 1987) and Egon Mayer's "Love and Tradition: Marriage Between Jews and Christians" (Schocken, 1987).
The authors offer sometimes conflicting advice on raising children of mixed marriages, but all seem to find that the children share certain characteristics.
As Cowan describes them, they are "bridges between two cultures" and tend to be "very effective negotiators."
They also seem to offer creative solutions to problems. Two of them, Leslie Goodman-Malamuth and Robin E. Margolis, founded Pareveh, an organization for the children of Jewish-Christian marriages.

Pareveh is taken from the Yiddish word describing foods that are neither milk nor meat. The name whimsically reflects the ambivalence many children of intermarriage say they feel.
Goodman-Malamuth is the child of a Jewish father and a Christian mother. After years of searching, she said, she decided to convert to Judaism, although she said she did not turn her back on her Christian heritage. "I live as a Jew," she said. "I'm raising my son as a Jew, but I'm always going to have the two halves."
Annie, the daughter of a Protestant mother and a Jewish father, was brought up Jewish and sent to Hebrew school, and celebrated her bat mitzvah with relatives of both religions. But at college she began to explore her Christian roots.
No minister or missionary influenced her, she said, only books like C.S. Lewis's "Mere Christianity" and long, emotional discussions with friends.
Today, at 22, Annie calls herself a Hebrew Christian and has explored Messianic Judaism, which follows Jewish traditions but maintains that Christ was the Messiah.
"Christianity began as a Jewish movement," she said. "There is a real relationship between them. A Hebrew Christian is a beautiful blend."

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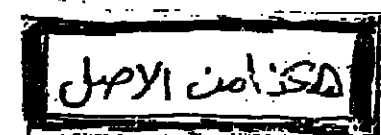
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NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 p.m. volume, NYSE adv. comm. close, etc.

NYSE Index table with columns: Composite, Industrials, Finance, High, Low, Close, Chg.

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Close, Prev., Advanced, Declined, etc.

NASDAQ Index table with columns: Composite, Industrials, Finance, etc.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Class, Prev., Bonds, Utilities, etc.

NYSE Diary table with columns: Class, Prev., Advanced, Declined, etc.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, %Adv, %Ret.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg., Industrials, etc.

Standard & Poor's Index table with columns: High, Low, Close, Chg., Industrials, etc.

NASDAQ Diary table with columns: Close, Prev., Advanced, Declined, etc.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Large table of stock prices with columns: 1 Month, High, Low, Stock, Div. Yld. PE, etc.

N.Y. Stocks Mixed After Sell-Off

NEW YORK — Prices ended mixed Friday following a late sell-off in the final minutes of New York Stock Exchange trading...

Table of stock prices with columns: 1 Month, High, Low, Stock, Div. Yld. PE, etc.

Table of stock prices with columns: 1 Month, High, Low, Stock, Div. Yld. PE, etc.

Table of stock prices with columns: 1 Month, High, Low, Stock, Div. Yld. PE, etc.

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Table of stock prices with columns: 1 Month, High, Low, Stock, Div. Yld. PE, etc.

Vertical sidebar containing various advertisements and news snippets, including 'In 1988 Race, Says Little About', 'Currency', and 'Interest'.

ECONOMIC SCENE

In 1988 Race, the Pitch Says Little About Policy

By LEONARD SILK
New York Times Service

NEW YORK — With the U.S. political conventions out of the way and the Bush-Quayle and Dukakis-Bentsen tickets in place, the guessing game gets more serious as to what one slate or the other will mean for national economic policy. Thus far, it is hard to say. Making economic policy and winning an election are different art forms, not to be confused.

Economic policy-making mixes ideology, the state of economic understanding, the tools available to a president (or to Congress and the Federal Reserve) and, most important, the reality or economic issues or symbols is an exercise in salesmanship; building appeals to blocs of voters, inside or outside one's own party, sufficient to capture a majority.

For both presidential candidates, the choice of the vice presidential candidates may be critical in the game of political-economic salesmanship.

Governor Michael S. Dukakis feels handicapped by a reputation as a "liberal," a dirty word in the Reagan era. (President Ronald Reagan himself accused Mr. Dukakis of not daring to utter the "L" word.)

The governor went to his right in naming Lloyd Bentsen of Texas, a veteran senator, fiscal conservative and hawk on military matters, as his running mate. This was an appeal not only to the South but also to conservative Democrats and independents in all parts of the nation who had voted for Mr. Reagan.

Similarly, Vice President George Bush is remembered for his early assault on Mr. Reagan's "voodoo economics" and is still regarded by his party's right wing as "a closet moderate," as the columnist George Will put it. So he also went to his right in choosing Senator Dan Quayle of Indiana, a hawk on defense, an all-out opponent of higher taxes and a champion of a constitutional amendment to balance the budget.

But does any of this symbolism, or any of the economic generalities that the candidates uttered in their campaign speeches disclose much about what either man would do as president?

HERBERT STEIN, economist, has his doubts. In the latest edition of his book, "Presidential Economics," he writes, "One thing that stands out about the presidential economics of the past 60 years is how surprising the connection often was between particular presidents and particular policies."

Mr. Stein, the chairman of the Council of Economic Advisers under Richard M. Nixon and Gerald R. Ford, says no one could have predicted Franklin D. Roosevelt's budget deficits from anything he had said before he took office.

This was no isolated case: "The pre-inauguration Kennedy looked like a big spender, not like a tax cutter," Mr. Stein said. "Who would have expected Richard Nixon to impose comprehensive, mandatory price and wage controls, to go off the gold standard and to float the dollar? Who would have predicted the size of Reagan's deficits?"

But, focusing on this year's candidates, does one find important differences between them?

Both appear reasonably middle-of-the-road, with Mr. Bush shading toward the right and Mr. Dukakis toward the left.

The similarities and differences can be seen in their key economic advisers.

Mr. Bush's two principal economic advisers are Michael J. Boskin of Stanford University and Martin S. Feldstein of Harvard and the National Bureau of Economic Research. Both are moderate conservatives, cautious about too much intervention in

See POLICY, Page 13

U.K. Firm Sweetens Irish Bid

Panel Permits Revised Scheme

Compiled by Our Staff From Dispatches

LONDON — Grand Metropolitan PLC announced Friday that it was increasing its hostile bid, through a restructured unit, for Irish Distillers PLC, valuing the distilling group at 253 million Irish punt (\$355 million), or 400 Irish pence per share.

Grand Metropolitan's move, through its GC&C Brands Ltd. unit, came hours after Britain's Panel on Takeovers and Mergers, the regulatory body, said it would allow GC&C to proceed with a revised bid for Irish Distillers, which makes Jameson and Bushmills whiskeys.

Reacting to the increased bid, Irish Distillers said its board would meet Monday to "agree a considered response" and to examine "other approaches."

A spokesman for Irish Distillers said the new offer was "substantially below" what the company's brands were worth.

The British panel's decision supported a negotiated settlement reached Wednesday by the European Commission with the three original partners in the GC&C consortium under which they agreed to disband.

The new GC&C offer, in cash or guaranteed loan notes, compares with the 315 Irish pence offered by GC&C in May, when it was a consortium made up of Irish subsidiaries of Guinness PLC, Allied-Lyons PLC and Grand Metropolitan.

Just before the revised bid was announced, Irish Distillers pledged in Dublin to fight on after the takeover panel's decision.

"The battle is not lost, not by any means," said Richard Burrows, managing director of the country's largest distiller, on Irish radio.

Mr. Burrows said he was disappointed by the British panel's decision but added, "The illegal, collusive bidding ring that these companies put together to formulate their bid has been burst asunder by the European Commission and that has been recognized by the panel."

Asked whether Distillers was inviting a friendly bid, Mr. Burrows said, "We are not out there looking for a white knight."

The French drinks firm, Pernod Ricard, is reported to have bought shares in Irish Distillers. Mr. Burrows said, "We regard their buying of shares as a welcome gesture of support."

As part of the EC ruling, FII Fyffes PLC, which holds about 20 percent of Irish Distillers, is to relax a commitment it had made to accept the original bid, to allow it to accept competing tenders.

Under the revamped bid, GC&C would market Jameson whiskey internationally and put up for sale Bushmills, the world's oldest licensed whiskey distillery that was founded in 1608.

The takeover panel's decision came after Grand Metropolitan agreed to try out the GC&C interests of the other two companies.

But the panel said that it would impose a special timetable on GC&C, giving the company until Monday to announce terms of a new bid and a 21-day limit for the offer to remain open.

The European Commission's move on GC&C marked the first time the executive body, which is fighting for greater control over EC mergers, had intervened in a bid, on competition grounds, before its completion.

The commission said that the three companies could make separate bids for Irish Distillers.

The stock price of Pernod, which has declined comment on reports that it was building a stake in Irish Distillers, rose 49 French francs (\$7.60) to close at 1,125 francs on the Paris Bourse on Friday, after active trading.

Grand Metropolitan stock eased 1 penny on the London Stock Exchange, to close at 514 pence, while Irish Distillers stock rose 7 pence to 524 pence after the announcement of the sweetened bid. (Reuters, AP)

Hong Kong: A Real Estate Magnet

Investors Show Confidence in Political Future

By Coleen Geraghty
Special to the Herald Tribune

HONG KONG — The recent exodus of middle-class professional Chinese from Hong Kong has grabbed headlines, but a reverse phenomenon has gone largely unnoticed. It might be called an Asian invasion: the steady acquisition of prime Hong Kong real estate by investors from Japan to Australia.

During the past two years, yields on much Hong Kong property have exceeded 10 percent, while the cost of money ranged from 7 percent to 8 percent. Moreover, Hong Kong dollar investments appear especially attractive to countries with strong currencies, such as Japan and Taiwan.

This trend, analysts say, may indicate a sea change in foreigners' attitudes about the transfer of Hong Kong from British to Chinese sovereignty in nine years' time.

Conventional wisdom has dictated that investors would shun Hong Kong as 1997 drew closer. Fears that Beijing might clamp the city's free-wheeling style of capitalism was supposed to trigger a flight of assets. Although such movements are hard to quantify, it appears that the opposite may be happening.

"While 1997 is viewed with apprehension in some local quarters, it is regarded positively by international investors who continue to regard Hong Kong as a warrant on the modernization and liberalization of China," said Alex Yeung, director of SBCI Securities Asia.

No one knows the full extent of foreign-based property investment in Hong Kong, but partial figures compiled by the major real estate agents show a decisive rise. Yen investment alone totaled 5 billion Hong Kong dollars (\$641 million) last year, up from 1.6 billion dollars in 1986, according to the property consultant Jones Lang Wootton.

However, some analysts believe that the new investors are a fickle lot. They warn that the majority of Japanese who acquired property in Hong Kong since 1986 are newly wealthy individuals, more interested in short-term profit than in long-term commitment.

"From their view, 1997 is still far away," observed K.K. Chen,



Terry Jenkins in front of National Mutual Group's office tower in Hong Kong: A growing commitment to the territory.

head of research for Nomura International in Hong Kong.

"They invest because they can get a reasonably good return while the yen stays high relative to the Hong Kong dollar," he said. The Hong Kong dollar's value is linked to that of the U.S. dollar.

"If the big Japanese companies come here, that will indicate real confidence in Hong Kong," Mr. Chen said. "But for now, the investment is an attempt at portfolio diversification by rich Japanese entrepreneurs."

Australian investors, led by a handful of major firms, account for about 25 percent of the foreign-owned real estate in Hong Kong. The 50 percent stake that Bond Corp., the big Australian group, has in a 2 billion dollar commercial building represents about half of all Australian property investment here.

Another prominent Australian landlord is National Mutual Group, the only institutional investor to have acquired real estate in Hong Kong in the past five years.

"There are any number of Australian citizens who have purchased property for themselves, but it's impossible to quantify that kind of invest-

ment," said Chris Ward, acting senior trade commissioner at the Australian Consulate.

National Mutual's stake in Hong Kong is a medium-size commercial building that has increased 75 percent in value, to 715 million dollars, since its acquisition two years ago, according to regional managing director Terry Jenkins. He explained the group's decision to buy as the evolution of a growing commitment to the territory.

The degree of foreign investors' commitment to Hong Kong is a legitimate concern, particularly for the local property companies involved in joint venture projects with overseas partners.

Lo Ka-shui, whose Great Eagle Co. is developing several sites with the property arm of the Japanese trading house C. Itoh & Co., contends that foreign investors are often more bullish than their local counterparts.

"Looking at Hong Kong through the eyes of our foreign partners, I may have a rosier view than the local people," Mr. Lo said. "The Cultural Revolution, which is the seed of worry about Hong Kong's future, is actually a backdrop. Those days are over, and for the remainder of

See PROPERTY, Page 11

U.S. to Combine 8 Thrifts, Give \$2.5 Billion Aid

Compiled by Our Staff From Dispatches

WASHINGTON — The Federal Savings Loan Insurance Corp. said Friday that eight insolvent Texas savings and loan institutions would be consolidated under its management and that it would provide assistance of \$2.5 billion to the new institution.

The FSLIC said it hoped find a buyer for the consolidated thrifts. The move to aid the eight Texas thrifts was part of a U.S. government plan to rid Texas of insolvent savings and loans. It followed an announcement Thursday by federal regulators that 12 other Texas thrifts were being consolidated with FSLIC aid totaling \$1.3 billion.

In the latest consolidation, which will include Sun Belt Savings of Dallas, the FSLIC will provide a \$2.5 billion note to eliminate the thrifts' negative net worth.

The deposits and the business activities of the eight thrifts will be consolidated in a new institution named Sun Belt Savings FSB, with assets of \$6.9 billion.

Depositors will not be affected, the FSLIC said.

Besides Sun Belt, other thrifts in the consolidation will include Western Federal Savings & Loan Association of Dallas and Independent American Savings Association of Irving.

The other institutions in the consolidation are First City Savings of Irving; Federated Savings of Brady; Multibank Savings of Alice; Texana Savings of Texarkana; and Summit Savings of Dallas.

(Reuters, AP)

The chairman of the Federal Home Loan Bank Board, M. Danny Wall, said in a statement that the consolidation was designed to stop losses by the eight thrifts, which had risen to as much as \$2.4 million a day.

The FSLIC will retain the management of Sun Belt Savings to operate the new institution. Thomas Wageman has headed Sun Belt for the last two years.

The old Sun Belt had assets of \$2.2 billion and liabilities of \$4.1 billion.

In October 1986, regulators forced the resignation of Sun Belt's chairman, Edwin McBurney, after several years during which Sun Belt engaged in high-risk loans that were either unsecured or inadequately secured by real estate, the FHLBB said.

The old Sun Belt had assets of \$2.2 billion and liabilities of \$4.1 billion.

Twenty-four of the 109 thrifts in Texas were insolvent when work on the government's "Southwest Plan" began earlier this year. Mr. Wall said Thursday the bank board expected to complete the plan at the end of the year.

The U.S. thrift industry continues to lose capital, although the decline apparently slowed in the last quarter. Officials have put the cost of restoring health to the industry anywhere from \$30 million to \$100 million. Debate is continuing in the U.S. Congress over whether a taxpayer bailout will be necessary.

(Reuters, AP)

Continental Plans Cut Of Up to 1,000 Workers

The Associated Press

WASHINGTON — Continental Airlines, the troubled subsidiary of Texas Air Corp., will lay off up to 1,000 pilots, flight attendants and other personnel as part of a fall cutback in service, the companies' chairman said Friday.

Frank A. Lorenzo, chairman of both Continental and Texas Air, said the layoffs would be formally announced in the next few days as part of the carrier's fall schedule.

Mr. Lorenzo, who testified at a federal court hearing on plans by Continental's sister carrier, Eastern Airlines, to curtail service to 14 cities, said the retrenchment would include laying off 300 to 500 pilots.

Speaking to reporters later, he said the layoffs would involve 2 percent to 3 percent of the company's 36,000 employees. He did not provide a breakdown of the other employees who would be laid off, but said they included flight attendants and management personnel.

Continental posted a net loss of \$231 million for the first six months of the year.

Continental announced earlier this year that it would reduce the number of flights at Denver's Stapleton International Airport from 260 a day to 200 from September.

"Obviously, we continue to look at our fall schedule and the continued overcapacity of Denver," Bruce Hicks, spokesman for Texas Air, told The Houston Chronicle earlier, "and are focusing our attention on what changes may be required and the effect that might have on our employees."

Earlier this month, Miami-based Eastern announced that it was reducing operations by 12 percent and eliminating about 4,000 jobs. A federal judge in Washington, however, issued a temporary injunction blocking the job cuts and is holding hearings on the issue.

Eastern is in federally supervised contract negotiations with two of its unions.

Separately, Texas Air accused American and United airlines of illegally gaining passengers by giving travel agents unreliable information about competitors' flights.

In a complaint filed Thursday with the Department of Transportation, three Texas Air subsidiaries said American and United had gained hundreds of millions of dollars by deliberately skewing their computerized reservations systems to favor their own flights.

"This is the first time anyone has documented how American and United use the power of technology to pick the pockets of consumers," said Bill Diffeenderfer, vice president and general counsel of System One, which runs Texas Air's computerized reservations system.

Currency Rates

Table with columns for Currency, Buy, Sell, and other rates. Includes entries for Amsterdam, Frankfurt, London, Milan, New York, Paris, Zurich, and various ECUs.

Other Dollar Values

Table with columns for Currency, Buy, Sell, and other values. Includes entries for Australian, Canadian, Hong Kong, Indian, Japanese, Swiss, and others.

Forward Rates

Table with columns for Currency, 30-day, 60-day, 90-day, and other forward rates.

Interest Rates

Table with columns for Eurocurrency Deposits, 1 month, 3 months, 6 months, and 1 year rates.

Key Money Rates

Table with columns for United States, Discount rate, Prime rate, Federal funds, and other key money rates.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and other money market fund data.

Gold

Table with columns for Gold prices in various locations like Hong Kong, London, and New York.

Ruder Urges European Action on Inside Trading

By David S. Ruder

STOCKHOLM — David S. Ruder, chairman of the U.S. Securities and Exchange Commission, urged Friday that stock market regulators in other countries, notably in Europe, introduce comparable laws to deter insider trading.

Mr. Ruder, attending celebrations of the 125th anniversary of Stockholm's bourse, said at a news conference that vastly different laws governing stock trading in different countries would have to be brought into line as markets became increasingly intertwined.

"It's essential that we have a similar level of anti-fraud laws," he said. "That means laws against market manipulation, against insider trading and against rumor mongering or misrepresentation of information to the markets."

Mr. Ruder said the SEC, the U.S. markets watchdog, was monitoring developments carefully as the European Community moves toward its goal of becoming a single economic entity with no internal trade barriers by 1992.

"We are in some sense anxious to be sure that the regulation in the European Community reaches levels which are satisfactory to us," he said, "because eventually we will be looking toward an integrated market with the European Community."

He expanded on these points later in a speech to Swedish business-

SEC Sets International Post

New York Times Service

NEW YORK — Faced with the need to police the growing number of stocks traded across national borders, the U.S. Securities and Exchange Commission's enforcement division has appointed an associate director to handle all international affairs.

Chosen to fill the post is Michael D. Mann, 35, who already handles international affairs through the chief counsel's office. Senior SEC officials said Thursday that the creation of the position raised the stature of international matters and expanded the number of people at the agency working in the area.

Mr. Mann said the SEC had also set up an informal agencywide body to grapple with other aspects of the globalization of the securities markets, such as uniform regulations for such functions as clearance and settlement.

Mr. Mann's current position was created in 1986, he said, "solely to try and figure out how to get evidence from abroad" in securities enforcement cases, such as insider trading. His duties have grown to include negotiating agreements on cooperation among foreign securities officials to establish procedures for gaining information.

He rejected the assertion that the SEC was trying to force other countries to adopt U.S. securities laws. "Our interest is in policing the U.S. markets, so when people come here they play by predictable rules and get predictable results," he said.

men, brokers and senior government officials.

"World regulators must structure a level of international information sharing and enforcement cooperation to deter international law violations," he said. "We have a great deal of work to do to achieve compatibility among these various regulatory structures."

Mr. Ruder said establishing eff-

Donnay SA, Once a Star Performer, Is Bankrupt

The Associated Press

BRUSSELS — Donnay SA, a leading maker of tennis rackets a decade ago, was declared bankrupt Friday by a Belgian court after failing to reach agreement with its creditors on a new loan and on a restructuring of its debt.

Donnay has debt of about 1.4 billion Belgian francs (\$35 million), said Fabrice Jacquemart, a spokesman for the regional Wallonia government.

Mr. Jacquemart said shortly after the declaration of bankruptcy that Damaco International, a Hong Kong sporting goods manufacturer, had proposed taking over Donnay. The company has been majority-owned by the Donnay family.

Other takeover offers were expected, he said.

Donnay became a leader in sporting goods largely on the fortunes of the Swedish tennis star Bjorn Borg, who dominated the sport in the late 1970s and early 1980s, and who helped to advertise Donnay's products.

At its peak, the company made over 1.5 million rackets a year and employed 600 persons. It began to suffer heavy losses after Mr. Borg retired in 1981.

Weeks of talks with banks and failed to produce an agreement on reviving the company.

Donnay has subsidiaries in the United States, Hong Kong, Brazil and Switzerland. In 1987, it had a loss of 80 million francs on revenue was 1.16 billion francs, down a third from the year before.

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BUSINESS ROUNDUP

IBM's PS/2 Computers Run Into Sales Trouble

Company's Market Share Slips

By John Markoff

New York Times Service

NEW YORK — International Business Machines Corp.'s PS/2 computers, the machines with which it has sought to maintain its domination of the personal computer industry, are losing ground to competitors.

Peugeot Sees Doubling of U.S. Sales

DETROIT — The French automaker Peugeot SA expects its U.S. sales to more than double to 18,000 in 1989 with the introduction of its 405 sedan, according to the head of Peugeot's U.S. operations.

Pascal Henault, president of Peugeot Motors of America, said in an interview Thursday that the company hoped the 405 model would help re-establish Peugeot in the U.S. market.

Peugeot's U.S. sales through the end of July totaled 4,016, down 24 percent from 5,293 in the first seven months of 1987. Analysts estimate that if sales continue at the current rate, Peugeot will sell 7,266 cars this year in the United States.

But Mr. Henault said the company hoped combined sales of the 405 and the current 505 would reach 18,000 in 1989.

"We are building our foundation for our future in the United States," he said.

U.S. sales of luxury Peugeot models peaked in 1984 at 20,000. Since then, sales have dropped, mainly because of price increases reflecting the weakening of the dollar against the French franc.

The 405, which has just gone on sale in the United States, starts at \$14,500 for the basic version.

Mr. Henault said the price of the car should appeal to affluent buyers who are reluctant to purchase more expensive cars because of changes in U.S. tax laws.

USX Plan to Sell Steel Plant to Iraq Is Opposed

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — USX Corp. wants to sell its idled Texas steelwork to Iraq for more than \$100 million.

Under the proposed sale, Iraq would buy a plant that once employed 2,000 U.S. steelworkers with a payroll of \$35 million. It was shut two years ago amid labor turmoil and slack demand.

But Texas lawmakers, led by Representative Jack Fields, a Republican whose congressional district includes the Houston ship channel, one of the country's largest petrochemical complexes, oppose the sale on the grounds that both jobs and steelmaking capacity would be permanently lost and that buyers of steel plate would have to pay higher prices.

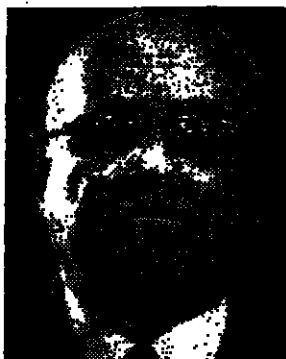
The lawmakers are trying to get the U.S. government to block the sale.

Mr. Fields said that at least two U.S. companies were prepared to offer USX as much or more for the plant than Iraq had offered.

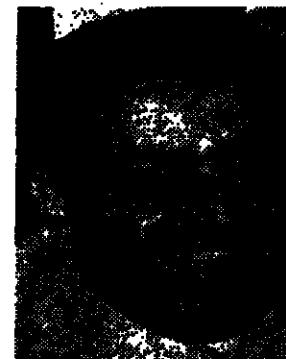
USX refused to negotiate with them, he asserted, because it "doesn't want competition in the domestic steel industry."

A USX spokesman declined to comment. The Texas plant was producing up to 1.3 million tons a year of large-diameter pipe, used for oil and natural gas pipelines.

It includes electric furnaces for melting scrap, casters to shape molten steel into slabs and a mill



David M. Roderick, USX chairman and chief executive.



Isam Abd ar-Rahim ash-Shalabi, Iraq's oil minister.

for making slabs into large-diameter drilling pipe.

The 20-year-old plant is at Baytown, east of Houston. Under the terms of the proposed sale, it would be dismantled and transported to Iraq as part of that country's efforts to expand oil production following a cease-fire in its war with Iran.

Abdul-Rahman Jamil, a spokesman at the Iraqi Embassy in Washington, said he thought Iraq needed the pipe both to expand petroleum exploration and to increase irrigation networks.

The negotiations with USX began around the time of a visit to Washington in May by Iraq's oil minister, Isam Abd ar-Rahim

ash-Shalabi, who announced ambitious plans to raise his country's oil production and export capacity.

The lawmakers who object to the sale say that the plant should be reopened. In a letter to Commerce Secretary C. William Verity Jr., members of the Senate steel caucus said: "Clearly, a market exists in the United States which justifies reopening the Baytown works. We view such a sale as a serious threat to the long-term health of the American steel industry."

The caucus includes Senator Lloyd Bentsen of Texas, the Democratic vice presidential candidate.

The U.S. steel industry is protected by restraints adopted in 1984 that limit imports to around 20 percent of the domestic market. Under the program, waivers may be granted to import steel that is in short supply.

So far this year, Mr. Fields said, waivers have been given for 50,000 tons of steel plate and 800,000 tons of steel slab. These, he said, showed that domestic demand was far greater than domestic production capacity.

They have argued that the sale could augment Iraq's military capabilities. One communication from 10 lawmakers, including Mr. Bentsen, said on Aug. 3, "Iraq is certainly not a friend of the United States."

William P. Ryder, a USX spokesman in Pittsburgh, said that Iraq's Ministry of Industry initiated the negotiations and that both sides were hoping for an early completion of the sale.

Since the technology involved is 20 years old, Mr. Ryder said, he saw no reason why its export should present any security problems for the United States.

One steel industry specialist, who asked not to be identified, said that since USX, under its chairman and chief executive, David M. Roderick, had not been able to make a profit at Baytown, he doubted that any other domestic company would be very successful.

PROPERTY: Investment Magnet

(Continued from first finance page)

Like C. Itoh, they will be looking for commercial and luxury residential properties. These sectors should benefit most from Hong Kong's entropic role while remaining less dependent on external economic conditions than the industrial sector and less vulnerable to speculation than midrange residential properties.

Commercial real estate absorbed more than half of all yen-denominated property investment in Hong Kong last year, followed by the hotel sector with 23 percent and the residential sector with 19 percent.

"The Japanese companies with huge U.S. dollar profits have been reluctant to convert them back to yen," Mr. Blott said. "They are looking for diversified offshore investments, and Hong Kong's free market is attracting them."

But he added that, "There's a danger that the speculative element in this market will push prices up without any actual transactions taking place."

The threat is real, given the very tight supply of high-grade commercial property. Vacancy rates for centrally located office space fell below 2 percent this year, and will not rise appreciably until 1992, according to Jones Lang Wootton.

One central office building rumored to be for sale reportedly attracted bids at a level roughly double that of a year ago.

But only a handful of transactions involving prime commercial real estate have actually occurred, partly because the market is tightly controlled by a small group of established landlords.

New development is limited, both by Hong Kong's size and by the prohibition on government sales of more than 50 hectares (159 acres) of land each year.

In the residential sector, take-up nearly matched supply during the four years ended 1987, and this year, the pace of acquisition is quickening. Developers, enjoying strong pre-sales — sales before completion — of midrange and luxury developments, are speeding up their release schedules, Jardine Fleming Holdings, the investment bankers, reported.

Many observers fear these developments may signal the beginning of a speculative surge. Some draw parallels to the last cycle that ended in 1982-83 with losses of up to 50 percent in the property market.

However, a number of analysts argue that a comparison with past experience is misleading. Local property companies are financially healthy now; in 1982, they were highly geared. Banks are reporting that no more than 30 percent of their loans and advances is real estate-related. And mortgage repayments take a much smaller bite of family incomes now than they did in the early 1980s.

Expected Capital Rule Shift Lifts Australia Bank Shares

SYDNEY — The Reserve Bank of Australia will soon post capital adequacy requirements that will favor the bigger Australian financial institutions, banking sources say.

Stock market speculation of imminent changes raised the share prices of Australia's major commercial banks — Westpac Banking Corp., National Australia Bank Ltd. and Australia & New Zealand Banking Group Ltd. — in heavy trading at the end of the week.

In February, the Reserve Bank circulated a discussion paper on risk-based measurement of banks' capital adequacy. It has since held talks with financial institutions, but declined to comment on the results of the discussions.

The sources said the need for trading banks to deposit 7 percent of savings with the central bank would soon end and a system that weighs assets according to risk would be introduced. The new

rules would favor major institutions, they said.

Since financial market deregulation began in Australia in 1983, banking and nonbanking institutions have been aggressively developing off-balance-sheet means of lending to avoid existing capital requirements. Now they will have to bolster their capital bases as transactions are moved onto balance sheet, sources said.

The three major banks account for about 2.6 billion dollars (\$2.1 billion) of the 3.65 billion held by the Reserve Bank, on which it pays a fixed 5 percent interest.

In heavy trading of bank stocks in Sydney, ANZ rose 20 cents Thursday and a further 8 cents on Friday to close at 5.08. Westpac rose 28 cents Thursday, then eased 6 cents Friday to close at 6.98, and National Australia jumped 34 cents Thursday before losing 8 cents Friday to close at 6.52.

Healthy Profit Rise Predicted for H.K. Bank

HONG KONG — Hongkong & Shanghai Banking Corp. is expected to report Tuesday a 13 to 16 percent rise in net profit for the first half, stock analysts predict.

The forecast interim net profit of 1.60 billion to 1.65 billion Hong Kong dollars (\$205 million to \$212 million), compared with 1.41 billion a year earlier, reflecting buoyant commercial banking and a recovery by its Marine Midland Bank Inc. unit in the United States.

They also predicted an interim dividend of 13 cents per share for the half, which ended June 30, slightly above the bank's projection of 12 cents.

Analysts said Hongkong Bank started 1988 with a larger asset base after acquiring 14.9 percent of Midland Bank PLC in November and turning its 52 percent-held Marine Midland unit into a wholly owned operation in December.

"International operations now represent 60 percent of gross assets," a Hoare Govett research report said, similar to other international banks' percentage.

Analysts said both Marine Midland and Midland showed a distinct turnaround last month after reporting large losses in the first half of 1987 because of provisions for loans to less developed countries.

Marine Midland reported 1988 half-year net of \$72.41 million, against losses a year earlier of \$259.25 million. Midland reported pretax profit of \$131 million (\$185 million), against losses of \$665 million.

John Mulcahy of Citicorp Scrimgeour Vickers said he did not think there would be further major provisions for loans to developing countries. But he added that Hongkong Bank earnings would be diluted by its expenditure of \$385 million on the Midland stake, despite Midland's larger than expected interim dividend of 9.5 pence a share.

Analysts said Hongkong Bank would apply equity accounting to its increased stake in Marine Midland and the higher stake would have no impact on the first-half results.

Anthony Bellagan of Warburg Securities said the larger stake in Marine Midland would lead to a more even distribution of Hongkong Bank's earnings.

"Full rationalization of Marine Midland will see HK Bank's first-half profits accounting for 40 percent or more of 1988 annual earnings, against 39 percent in 1986 and 1987," he said.

Mr. Bellagan added that Hongkong Bank's 3.3 billion Hong Kong dollar rights issue in May 1987 began having an impact on the balance sheet only in the second half of last year.

The bank enjoyed a boom in areas such as property mortgages and trade financing in the first half, reflecting a surge in demand for home loans and continued growth in Hong Kong's external trade.

Its 62 percent-owned commercial banking unit, Hang Seng Bank Ltd., reported Friday that net profit for the six months rose 17 percent, to 483.6 million Hong Kong dollars from 413 million a year earlier.

Advertisement for 'IHT ASIA GUIDE TO BUSINESS TRAVEL' featuring a map of Asia and text describing the guide's value for business travelers in Asia.

Subscription form for 'IHT ASIA GUIDE TO BUSINESS TRAVEL' with fields for name, address, city, country, and payment method.

Large advertisement for 'Save 40%' on newspaper subscriptions, including a table of savings by country and a guarantee section.

Subscription form for 'International Herald Tribune' with fields for name, address, city, country, and payment method.

Friday's AMEX Closing Tables include the nationwide prices to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table A: 12 Month High/Low Stock, Div, Yld, PE, % Chg. Lists various stocks like IBM, Microsoft, and others.

Table B: 12 Month High/Low Stock, Div, Yld, PE, % Chg. Lists various stocks including pharmaceuticals and technology.

Table C: 12 Month High/Low Stock, Div, Yld, PE, % Chg. Lists various stocks including financial and consumer goods.

Table D: 12 Month High/Low Stock, Div, Yld, PE, % Chg. Lists various stocks including energy and industrial.

Table E: 12 Month High/Low Stock, Div, Yld, PE, % Chg. Lists various stocks including international and emerging markets.

Table F: 12 Month High/Low Stock, Div, Yld, PE, % Chg. Lists various stocks including international and emerging markets.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) August 19, 1988

Main table listing various international funds with columns for fund name, price, and other metrics. Includes sections for Domestic, International, and Other Funds.

Floating-Rate Notes

Table listing floating-rate notes with columns for currency (Dollars, Pounds Sterling, Deutsche Marks, Japanese Yen, E.C.U.), issue date, and other details.

Vertical advertisements on the right side of the page, including 'Central Bank', 'Friday's OTC Prices', and 'The Daily Source for International Investors'.

CURRENCY MARKETS

Central Banks Put Brakes on Dollar

NEW YORK — The dollar drifted lower in sluggish trading Friday against major currencies...

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, Swiss franc, Japanese yen, French franc.

There wasn't really a whole lot of meaningful trading today, said Terri Reid, an investment officer at Harris Bank in Chicago...

The dollar eased to 1.8975 Deutsche marks at the close in New York from 1.9010 DM on Thursday...

Inflation In U.K. Hit 4.8% in July

LONDON — Britain's annual inflation rate rose to 4.8 percent in July from 4.6 percent in June...

PROBE: Stock Scheme Touched Up to 20 Nations

(Continued from Page 1) in the over-the-counter market in the United States...

"We pursued about 70 cases of securities fraud last year," Mr. Saxton said. "About 50 of them were boiler room operations..."

to refund requests was a request for more funds, as in the case of the West German investor...

Prices Rise Steeply in Spain

MADRID — Spain's consumer price index rose a sharp 1.3 percent in July, giving an annual inflation rate of 4.6 percent...

POLICY: Missing From the Pitch

(Continued from first finance page) the economy but prepared for action to deal with specific problems like education or research...

INTERNATIONAL STOCK MARKETS IN THE IHT EVERY TUESDAY. A COLUMN ON NON-U.S. STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE

Friday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 100 most traded securities in terms of dollar volume...

Table with 5 columns: 12 Month High, Low, Stock, Div. Yld. PE, % High, Low, 4 P.M. Close. Lists various OTC stocks.

Table with 5 columns: 12 Month High, Low, Stock, Div. Yld. PE, % High, Low, 4 P.M. Close. Lists various international stocks.

Table with 5 columns: 12 Month High, Low, Stock, Div. Yld. PE, % High, Low, 4 P.M. Close. Lists various international stocks.

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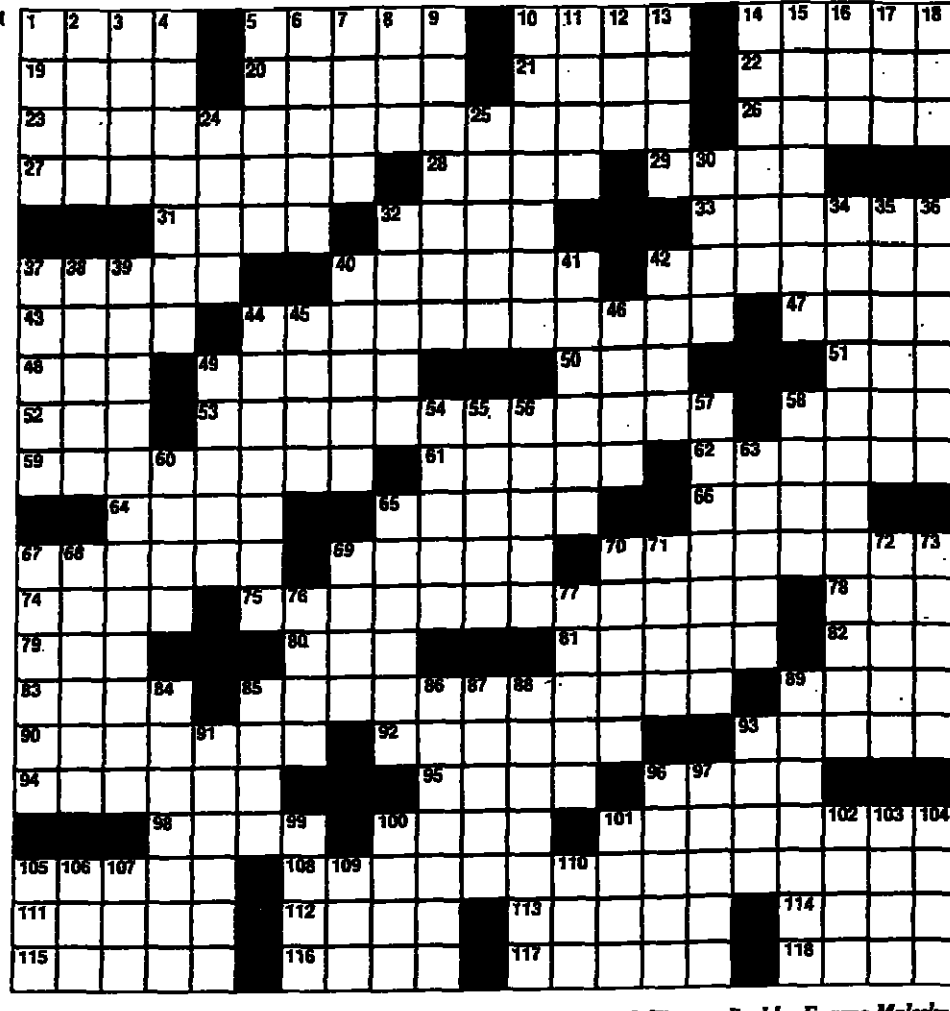
Table with 5 columns: 12 Month High, Low, Stock, Div. Yld. PE, % High, Low, 4 P.M. Close. Lists various international stocks.

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Friday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

ACROSS 1 Memorable actor on "The Waltons" 49 Immature egg 82 Scottish bonnet

Trace the Transitions BY T. W. UNDERHILL



© New York Times, edited by Eugene Moloch.

DOWN 1 Objective 12 Half a score 35 Surrounded 36 Struggle 37 Command from Bligh

DOWN 55 Actress Prentiss 67 Mark Twain's burial place 77 Ties 97 Sioux

JEAN STAFFORD: A Biography

By David Roberts. 422 pages. \$24.95. Little, Brown, 34 Beacon Street, Boston, Mass. 02108.

Reviewed by Ann Waldron

To read that Jean Stafford was frigid (although married three times), sterile, syphilitic, alcoholic ("embarrassingly drunk" at her induction into the National Institute of Arts and Letters), subject to "nervous breakdowns" and long terms in what she called "booby hatches,"

Can't there be genius, or even talent, without wretchedness? Not here. Stafford wrote three fine novels ("Boston Adventure," "The Catherine Wheel" and "The Mountain Lion"); a wonderful children's book, ("Elephant the Cat"); and innumerable elegant short stories, articles and book reviews.

BOOKS

Her "Collected Stories" won the National Book Award.

It's hard to say why such chaos lay behind the art. Her childhood in California and Colorado was not all that bad. Admittedly, her father was eccentric. He lost a considerable inheritance on the stock market and then, determined to be a freelance writer, although he sold almost nothing except a Western novel and some Western stories, spent the last 40 years of his life in his underwear at a typewriter supposedly working on a book about the government deficit.

In Heidelberg for postgraduate study in 1936-37, she contracted gonorrhea and, Roberts believes, syphilis, from a casual affair. She taught at Stephens College and hated it. (They asked her to take a Wasserman test or leave.) She taught at Iowa and

hated it just as much. In Iowa, when she was 23 years old, she was working on her fifth unpublished novel. Her marriage to Robert Lowell didn't help her. Lowell seemed bent on destroying not only himself but Jean as well. Before they were married, he smashed his family's car into a building at the bottom of a dead-end street in his native Boston; Jean's nose was broken and she needed plastic surgery. She had to sue to get the Lowells to pay her medical expenses. In Baton Rouge, where Lowell was a graduate student, he broke her nose again, this time with his fist. When she had a bad cough, he told her it was because she breathed too much. It was a strange marriage — all the evidence indicates that they never slept together.

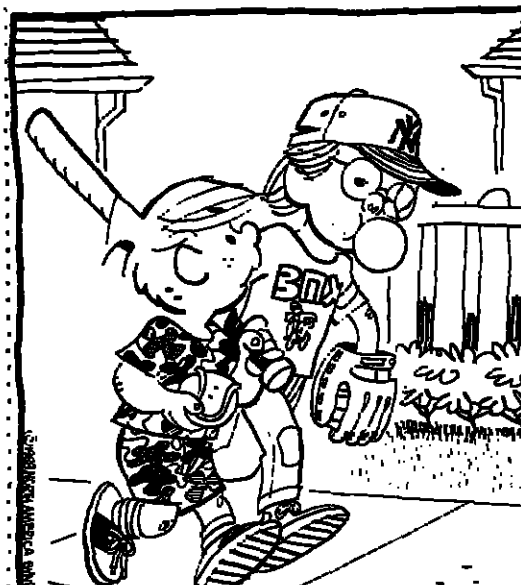
Her first novel, "Boston Adventure," was a best seller, overshadowing Lowell's first book of poems, which appeared about the same time — in an edition of 250. She went to the Payne Whitney Clinic for the first of many psychiatric visits. Lowell divorced her, but she never freed herself from him emotionally.

Her next marriage, to the editor Oliver Jensen, was brief. Her third husband was A.J. Liebling, a successful, sophisticated New Yorker writer. Stafford, who wrote very little fiction after she met Liebling, said it was because she was happy for the first time in her life. After Liebling's death in 1963 Stafford settled down on Long Island, a garrulous alcoholic. She continued to write brilliant nonfiction and for 24 years she claimed she was working on a long novel about her father, fueling the hopes of publishers who continued to shell out generous advances, although they never saw a line.

After a stroke in 1976 she could neither talk nor write. When she died in March 1979, copies of the works of Mark Twain and one of Robert Lowell's long poems, on which she had made notes, lay beside her bed. She was 63.

Ann Waldron, the author of "Close Connections: Caroline Gordon and the Southern Renaissance," is at work on a biography of W. H. Auden. She writes this for The Washington Post.

DENNIS THE MENACE



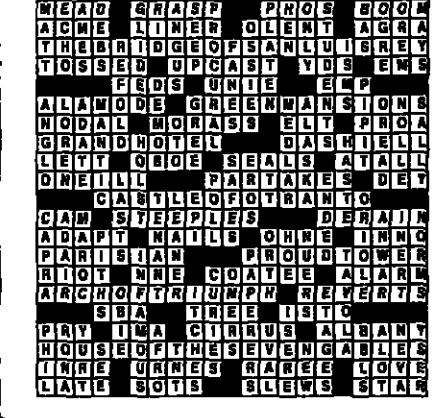
"KNOW WHAT I LIKE ABOUT THIS OUTFIT? WHEN YA SPILL STUFF ON IT, NOBODY NOTICES."

WEATHER

Table with weather forecasts for various regions including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania. Columns include High, Low, and other weather indicators.

SATURDAY'S FORECAST - CHANNEL: Douch, FRANKFURT: Showers, Temp. 21-14 (72-57). LONDON: Showers, Temp. 19-13 (66-55).

Solution to Last Week's Puzzle



© New York Times, edited by Eugene Moloch.

World Stock Markets

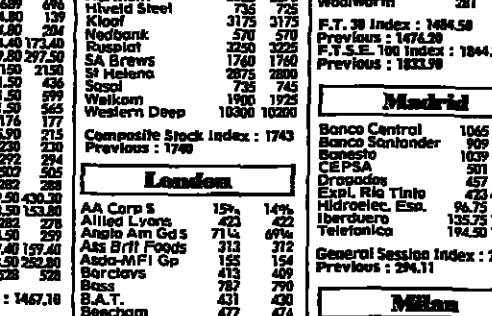
Via Agence France Presse Closing prices in local currencies, Aug. 19

Table of world stock market data, including indices for various countries like Australia, Germany, France, Japan, etc.

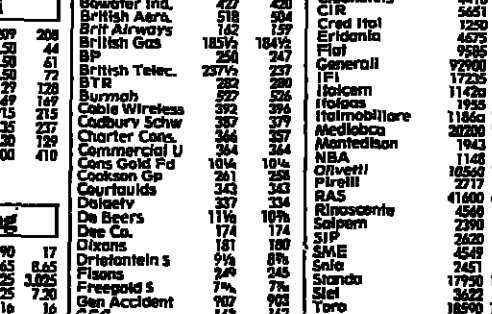
PEANUTS



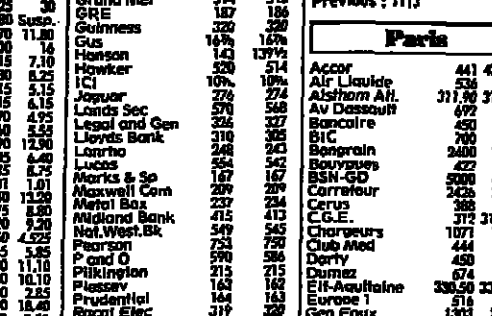
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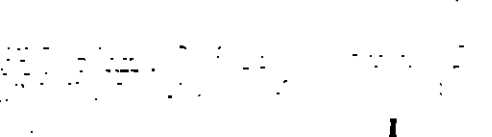
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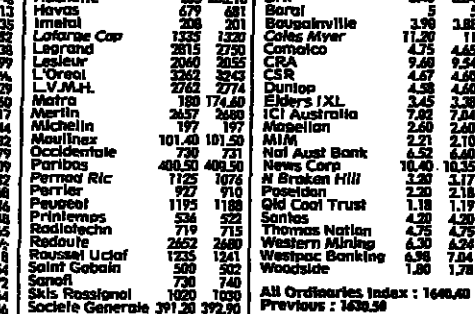
ANDY CAPP



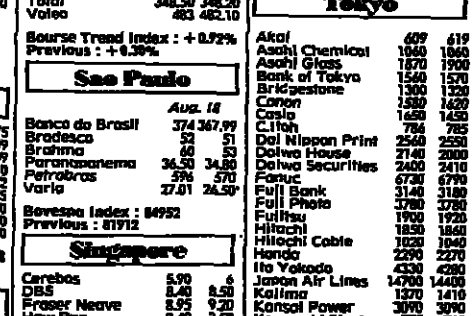
WIZARD OF ID



REX MORGAN



GARFIELD



SCOREBOARD

Table of baseball scores for various teams and games.

Major League Standings

Table showing the current standings for Major League Baseball teams.

National League Standings

Table showing the current standings for National League teams.

American League Standings

Table showing the current standings for American League teams.

Football

Table showing football scores and statistics.

Large advertisement for Jackson As Reds S Cubs in 9. Includes text about baseball and a 'SCOREBOARD' section.

SPORTS

Jackson Wins 17th As Reds Shut Down Cubs in 9-1 Rout

Compiled by Our Staff From Dispatches CINCINNATI — If the 1987 Cincinnati Reds had had the 1988 Danny Jackson, they might be struggling to defend their National League West title instead of struggling to win their first crown this decade.

BASEBALL ROUNDUP

The left-hander, who was traded last season by the Kansas City Royals for right-hander Ted Power and shortstop Kent Stiltwell, won his league-leading 17th game here Thursday night when the Reds defeated the Chicago Cubs 9-1.

Jackson held up his end of the trade bargain, but the Reds still find themselves well back in the standings. "I can't pitch any better," said Jackson, who scattered seven hits to win his seventh straight decision. "I was getting my riding fast ball in on them all night and breaking a few bats with his off the handle."

Jackson helped Cincinnati complete an 8-4 home stand. Jackson had one of his easier assignments Thursday, gaining a 3-0 lead in the third when Eric Davis, who had three hits and five RBIs, hit a two-run homer.

Dodgers 2, Phillies 1: In Los Angeles, Dave Anderson singled home Tracy Woodson from second on the go-ahead run in the eighth as the Dodgers won their fourth straight.

Cardinals 2, Astros 1: In St. Louis, Missouri, Tom Brumansky drove in both runs off Mike Scott, striking an RBI triple in the first and a tie-breaking homer in the sixth. Bob Forsch allowed four hits in seven innings, striking out two and walking three in his longest outing this season.

Giants 4, Mets 1: In San Francisco, Mike Krukow beat New York for the third time this season and increased his career record against the Mets to 20-7 as San Francisco beat New York for the seventh time in nine games.

Padres 5, Expos 4: In San Diego, Carmelo Martinez hit an RBI single with two out in the ninth to lift San Diego to a three-game series sweep. Montreal's Andres Galarraga hit a pair of two-run homers.

Tigers 6, White Sox 4: In the American League, in Detroit, Dave Bergman hit a two-run homer to conclude a four-run rally in the ninth inning that lifted Detroit.

The Tigers had lost five of six starting the game, scored just three runs in their previous three games and their usually ecstatic clubhouse had begun to stir with disension.

Mariners 6, Red Sox 1: In Boston, Mark Langston and Mike Jackson combined on a five-hitter and Jim Presley doubled with the bases loaded in the four-run sixth inning as Seattle won its series with the Red Sox at Fenway Park.

The loss was the Red Sox's third in four games at home after setting an American League record 24-game home winning streak.

Angels 7, Yankees 1: In New York, Chuck Finley and Greg Minton teamed on a seven-hitter and

Johnny Ray doubled twice to pace California.

Orioles 10, Athletics 1: In Baltimore, Jeff Ballard pitched a four-hitter and Cal Ripken highlighted a five-run first inning with a two-run double to spark Baltimore's rout.

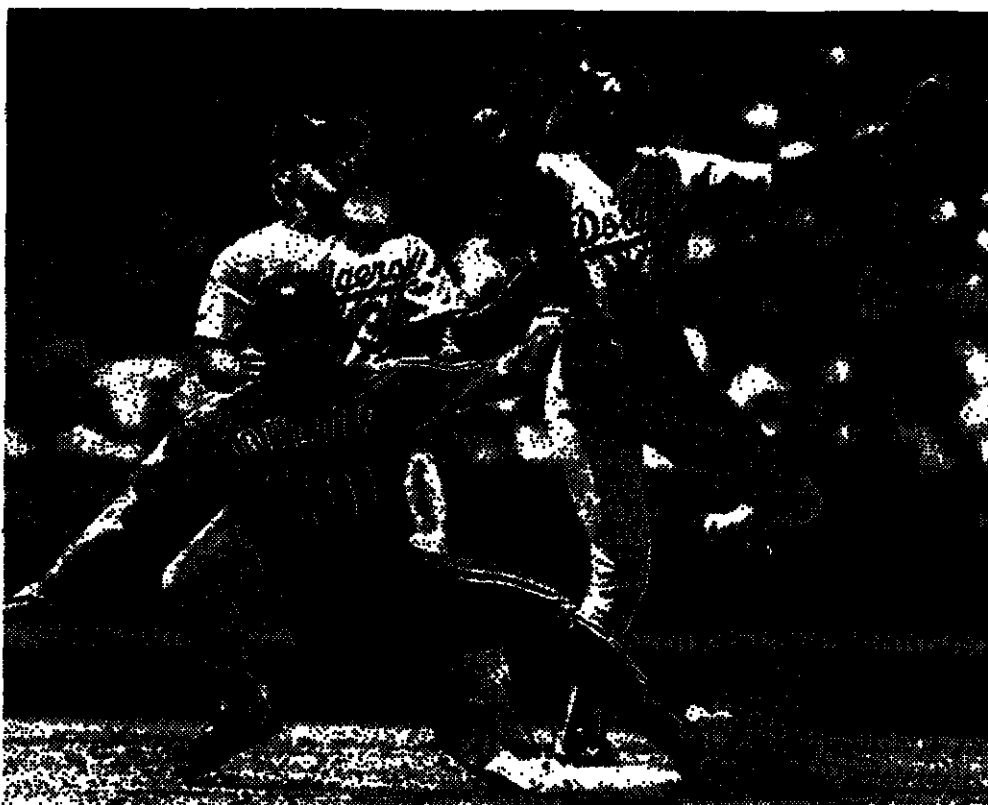
The Orioles snapped a nine-game losing streak against American League West teams and handed the A's only their second loss in 10 games.

Rangers 4, Twins 2: In Minneapolis, Jeff Russell hurled a five-hitter and Pete Incaviglia, Geno Petralli and Pete O'Brien homered to pace Texas.

Russell carried a shutout into the eighth. He walked one and struck out four in helping to end Minnesota's three-game winning streak.

Indians 4, Brewers 3: In Cleveland, Andy Allanson doubled home three runs with two out in the seventh and Cory Snyder threw out a runner at the plate to end the game, lifting Cleveland to its fourth straight triumph.

(UPI, AP)



No. 7 Alfredo Griffin and his Dodger teammate Steve Sax couldn't get a hand on the ball as Darren Daulton of the Philadelphia Phillies slid safely into second base in the second inning in Los Angeles.

Canseco's 40-40 Vision Starting to Focus

By Thomas Boswell

Washington Post Service BALTIMORE — The only bedsheet sign in Memorial Stadium one evening recently read: "Congrats 33 on 30-30." It seems that the word is spreading. Jose Canseco has 40-40 vision, and slowly, America, not just Oakland, California, is tuning its eyes to him.

Before this year, no man in history, neither Ted Williams nor Willie Mays, ever had had 100 home runs in his first three full major league baseball seasons. And no man has ever had 40 homers and 40 stolen bases in the same year.

This month, Canseco of the Oakland A's got the 100-homer mark. And he is on pace, although it

should be close, for 40-40. On Wednesday night here, he nearly had both his 32d stolen base and 32d home run. An umpire took the steal from him, but nobody could bring his 415-foot (125-meter) homer back.

Just a normal night's work for Canseco in 1988. A single on a rainbow curveball, a double with two strikes and a long home run on a pitcher's pitch, a fastball on the low-inside corner.

At 24, the 6-foot-3, 230-pound (103-kilogram) Canseco hits the ball as hard as Mickey Mantle or Frank Howard, runs faster than any other Oakland player, has the second-best right-field arm in the American League, and as Sparky Anderson once said, "Has the physique of a Greek goddess." His agent calls Canseco "a modern Hercules."

Fortunately, Canseco is no reverent Boy Scout. He does a little sulk or a mini-tantrum on occasion. Taking orders is not a specialty. After years, coaches finally have gotten him to settle on one stance.

Unlike the other A's slugger, Mark McGwire, whose hair is red and whose heart is true blue, Canseco has enough mischief in him to be a pop hero.

He came to spring training four days late and did not bother to apologize because, hey, there was cash to collect at autograph sessions. Manager Tony La Russa set up a table and sign in the locker room that read: "Welcome to Jose Canseco Autograph Day... Evening Lecture: 'Concepts of Team Play.' Special guest speaker: Jose (Card Show) Canseco."

So, Card Show showed 'em. In April, he predicted the unprecedented 40-40. Bobby Bonds, in 1973, had 39 homers and 43 steals. Last year, Eric Davis had 50 steals, 37 homers and missed 33 games

with injuries. Still, Canseco's talk was brave for a man who had never stolen more than 15 bases.

On the surface, Canseco seems laid back to a fault. Don Baylor says, "He still needs a push." But Canseco is a fanatical iron pumper.

"You don't just wake up one morning and look like this," says the man Annie Leibovitz, photographer of rock stars and other pop celebrities, photographed striped to the waist for the baseball pinup of the 1980s.

Canseco says his father is the family perfectionist. He adds that after his mother's death five years ago, he himself is not big on expectation and stress.

Yet he keeps getting better at everything. His assists go up and his errors go down. A kid who was an outfield joke in 1986, his rookie year, may be a Gold Glove by 1990.

Suddenly, Canseco is showing patience, laying off high two-strike fastballs, choking up when he is behind in the count and, occasionally, forgoing his moon-shot swing. His 12 two-strike home runs frighten pitchers more than the other 20.

Last year, Mike Boddicker nicknamed him Jose No-Mistake. Now, however, a steady diet of up-and-in and low-and-away are not enough to keep Canseco's average in the .240s and .250s. Barring .291 and leading the majors in runs (93) as well as RBIs (94), Canseco no longer is just a mistake hitter.

Still, acquire fitness though he has, Canseco's appeal — the reason he is the core of the best team in baseball this season — is his near-Ruthian power.

Canseco still lives in a world of infinite possibility and unrealistic demand. He admits his days of being "the headliner" and "getting frustrated" are too frequent in memory to pronounce dead forever. No slumps like his zero-for-40 in 1986 have arrived. But neither has the real 40-40 media squeeze. After getting his 100th career homer, he went two weeks without a homer. Canseco, whom the American League all-star manager, Tom Kelly, called the best player in baseball, is certainly improving but he is not fully polished.

"Certain days he's there," said Baylor. "Other days..." Baylor says, "If he were every day, it'd be unbelievable what he could do."

When you do what no one has ever done, yet people still insist on talking about what you might do, that is a wonderful kind of crap. A large weapon is being hitched to Canseco, both by the A's and by a baseball public that loves any hero who promises new horizons. If anybody can pull the lead, it's Canseco.

Athletes' Fast-Paced Price Race

Meet Officials Face Demands for Higher Appearance Fees

The Associated Press BRUSSELS — Track meet organizers used to make offers that athletes could not refuse. But more and more, they are facing demands that they cannot accept.

The going rate for a 200-meter dash by Florence Griffith-Joyner of the United States is \$25,000 and her compatriot Edwin Moses asks \$30,000 for a 400-meter hurdle race. These sums drive meet organizers, such as Wilfried Meert of the Van Damme Memorial here Friday, to despair.

"Asking \$55,000 for two athletes," Meert said on Belgian radio. "We just cannot think about it. We just had to say no."

So did meet organizers in Zurich and Cologne, so the two U.S. track stars went home.

"Empty-handed," Meert added. "This month, over a dozen European meetings are vying for a handful of stars and the law of supply and demand is driving prices sky-high."

In the case of the Brussels meet, one of the top events on the Mobil Grand Prix circuit, the budget has quadrupled since the first edition 12 years ago, Meert said.

"It cost us \$125,000, all-included," he said. "Now we pay about \$400,000 for the athletes alone."

But while cut-throat competition between meetings sent prices spiraling earlier this decade, Meert said he was pleased to see solidarity triumph this year.

After getting the offers of Griffith-Joyner and Moses, he contacted Zurich and Cologne, the two other main meets on the week's schedule.

Together they took a stand not to bow to the demands. Griffith-Joyner and Moses said they returned early to the United States to better prepare for the Seoul Olympic games, which start Sept. 17.

Often the organizers are not only faced with lining stars to their meetings but also getting them to compete against top-class opposition.

Zurich proved that even if it is tough, it can be done. Almost a year after Ben Johnson of Canada beat Carl Lewis of the United States and set the 100-meter world record in their last meeting in Rome, the two had a showdown in Zurich, which Lewis won.

The two star sprinters reportedly each were paid \$250,000 for those fleeting 10 seconds.



Edwin Moses asks a high price — but he doesn't always get it.

A Hefty Purse Awaiting Leonard

Washington Post Service NEW YORK — When he meets Donny Lalonde on Nov. 7 in Las Vegas, Sugar Ray Leonard could make more than \$15 million, and will definitely top his best fight payday of \$12 million, according to Leonard's lawyer, Michael Trainer.

"He's going to be way up in the teens," Trainer said Thursday after the 12-round bout for Lalonde's World Boxing Council light heavyweight title and the WBC's new 168-pound (75-kilogram) super middleweight class was officially announced.

"I think \$15 million — in excess of \$15 million — is a very real projection," Leonard, seeking to become the first fighter to win titles in five different weight classes, is 34-1 with 24 knockouts. Lalonde, a Canadian, is 31-2 with 26 knockouts.

At a news conference Thursday, Leonard predicted that he would win a decision over Lalonde. He said he will weigh about 158 pounds.

Leonard said: "Speed will always defeat power."

Lalonde, who has a strong

right hand but not much of a left one, saw it the other way, power defeating speed.

He predicted that he would knock out Leonard and said: "If you predict Leonard, you ain't no expert."

Leonard appeared Thursday to be in a combative mood, and even mentioned Mike Tyson's name.

"I could fight Mike Tyson," he said. "I can beat Mike Tyson. I don't care who I fight."

Trainer said that both fighters already are "guaranteed in excess of \$20 million."



With a Month to Go, Seoul Is Gearing Up for Games

A member of the Black Eagles, a South Korean Special Forces parachute team, landing in the Olympic stadium in Seoul on Friday during a practice session for the opening ceremony of the Summer Games on Sept. 17. Meanwhile, South and North Korean officials met Friday in the North for talks on the Communist nation's participation in the Games. In the three-hour meeting just across the border, the officials agreed in principle to hold a North-South parliamentary conference, but differed on what should be discussed. They plan to meet again on Saturday in the South.

SCOREBOARD

BASEBALL

Thursday's Major League Line Scores

Table with columns for American League and National League games, listing teams and scores.

Major League Standings

Table showing standings for American League and National League divisions.

Major League Statistical Leaders

Table listing statistical leaders for various categories like batting average, home runs, etc.

TRANSITION

BASEBALL American League Baltimore Orioles: Gordon Dillard, pitcher, to Rochester of the International League. Recalled Mark Williamson, pitcher, from Rochester. CALIFORNIA—Placed Kirk McCaskill, pitcher, on the 15-day disabled list, retroactive to August 15. Recalled Jack Lazor, pitcher, from Edmondson of the Pacific Coast League. TEXAS—Activated Tom Condit, pitcher, from the 15-day disabled list. Called up Chris Castelli, pitcher, to Oklahoma City of the Pacific Coast League. MINNEAPOLIS—Activated Tom Hary, second baseman, from the 15-day disabled list. Called up Jeff Brantley, pitcher, to Portland of the Pacific Coast League. NEW YORK—Sent Dave Eiland, pitcher, to Columbus of the International League. Recalled Jeff Morris, first baseman-outfielder, from Columbus. OAKLAND—Placed Stan Javier, outfielder, on the 15-day disabled list. Recalled Jeff Smith, catcher, from Tacoma of the Pacific Coast League. PHOENIX—Activated Barbara Garbey, outfielder, from the 15-day disabled list. Called up Larry Sea, outfielder, to Oklahoma City of the American Association. NATIONAL LEAGUE Boston SD 101 295 50 127 322 Garry All 102 296 48 127 321 Dawson CH 116 446 58 138 389 Goldrahn HM 118 428 58 142 326 Palmira CH 118 480 29 149 384 Bonds PH 115 465 51 128 339 Sox LA 121 459 59 144 396 RThompson SF 104 384 56 113 324 Law CH 111 413 49 121 323 VanSlyke PH 119 460 54 135 320

The Form: Little Fish or Plum of Murdoch Deal?

By Steven Crist

New York Times Service SARATOGA SPRINGS, New York — Every day, as the bugler calls the horses to the post and the bettors to the betting windows at dozens of thoroughbred race tracks across North America, horse players have two ways of trying to pick winners: studding at their programs with a hat pin or consulting the sea of statistical data in the Daily Racing Form.

The Form, as it is popularly known, is widely considered the smallest fish in Rupert Murdoch's \$3 billion purchase recently of Triangle Publications Inc., but that view could be mistaken.

"I think the Racing Form was the plum in Murdoch's purchase," said Jack Cohen, who publishes its lone competitor, Sports Eye.

"Triangle makes profits of \$85 million on \$700 million in revenues, and my information is that the Form is responsible for \$40 million in profits on just \$80 million in revenue."

Michael Sandler, publisher of the Daily Racing Form, and other officials of the publication declined to discuss its closely guarded finances.

But Sandler said about 140,000 copies are sold each day, at \$2.50 each. About 3,000 go to subscribers, with the rest sold at race tracks or newsstands. Advertising is minimal and generally related to racing.

The Form's circulation figures are not audited. A spokesman for Murdoch's News Corp. said its average daily circulation was 69,000.

While readers of Triangle's TV Guide can find television listings elsewhere, and teen-age girls have sources for fashion and dating tips beyond its Seventeen magazine, the Racing Form is a controlling influence in the daily operation of thoroughbred racing in North America.

It is the only publication offering the past performances and racing charts for every accredited thoroughbred track in North America, making it the sport's official record-keeper as well as a bible for bettors.

Without it, betting would be reduced to guesswork and the daily operation of the tracks would be seriously disrupted because they would not have access to horses' records.

The interesting question is whether Murdoch, given his past performances, will tamper with the Form. It is a delicate situation, because Murdoch will have to be careful not to rock the boat that has allowed the Form to enjoy a virtual monopoly on racing information.

"I have not spoken with Murdoch," Sandler said recently in a telephone interview from Los Angeles.

"No changes are contemplated. I would also point out that Ambassador Ammenberg has agreed to stay on as an adviser to Mr. Murdoch, which should insure stability," Walter F. Ammenberg, the chairman of Triangle, is a former U.S. ambassador to Britain.

The Form publishes different regional editions at its main plants in Chicago, Los Angeles and Hightstown, New Jersey, and hires independent printers to produce other editions in Toronto, Seattle and Pompano Beach, Florida.

"Over the July Fourth weekend this year," Sandler said, "we brought out 37 editions of the Form and sold them from as far north as Edmonton, Alberta, to as far south as Tijuana and from New England to San Diego."

A typical 40-page issue of the Form begins with eight pages of racing news, followed by 31 pages of past-performance data and race charts in tiny type size, and a back page of four editorial columns.

Nearly everything concerns the so-called "Sport of Kings."

"Six to Compete in Saratoga Headliner" is a typical headline atop the front page. News of wars, assassinations and coups are contained in a roundup of world news on Page 6.

No one expects Murdoch to tamper with the statistical matter, which is stored in vast computer systems at the Form's three main offices, but the editorial columns seem a likely target for change.

The Racing Form, because of its official record-keeping functions and its reliance on the tracks that grant it exclusive status, has long considered itself a promoter and defender of racing.

Such controversial issues as race fixing and improper medication of horses are played down, and subjects of news stories customarily receive deferential treatment.

But Murdoch and his editors have taken a splashy and confrontational approach to racing journalism in both the Australian and U.S. newspapers he has purchased.

When Murdoch first purchased the New York Post, he doubled the racing coverage and emphasized tales of betting coups and scandals.

The Form's new owners will have to contend with a returning challenge from Sports Eye, which is based in Port Washington, New York.

The two newspapers reached an out-of-court settlement in 1985, under which Sports Eye agreed to stop publishing past performances for three years in exchange for a payment that both sides privately confirm at between \$7 million and \$10 million.

That agreement expired last month, and Sports Eye is preparing for another battle. Sandler of the Form declined to discuss his deal, but Cohen said he could hardly wait for head-to-head competition, which he expects will begin next summer.

FOOTBALL

CFL Standings

Table showing CFL Standings for Eastern and Western Divisions.

NFL Exhibition Result

New York Jets 11, Cleveland 7

